

Company Registration No. 198303419G

Informatics Education Ltd.

Financial Statements
30 June 2022

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Informatics Education Ltd.

Directors' statement

(In Singapore Dollars)

The directors are pleased to present their statement to the members together with the audited financial statements of Informatics Education Ltd. (the "Company") for the financial year ended 30 June 2022.

Opinion of the directors

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2022 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, as its penultimate holding company has agreed to provide continuing financial support to the Company.

Directors

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

Ms Yau Su Peng

Mr Allan Maxwell Norton

(Appointed on 27 January 2023)

Arrangements to enable directors to acquire shares or debenture

Neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debenture of the Company or any other body corporate.

Directors' interests in shares and debenture

No director who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Companies Act 1967 of Singapore, interests in shares, debentures, warrants and share options of the Company, or of its related corporations, either at the beginning or at the end of the financial year.

Informatics Education Ltd.

Directors' statement

(In Singapore Dollars)

Share options

During the financial year, there was:

- no options granted by the Company to any person to take up unissued shares in the Company; and
- no shares issued by virtue of the exercise of options to take up unissued shares of the Company and its subsidiaries.

At the end of the financial year, there were no unissued shares under option in the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

Ms Yau Su Peng
Director

Mr Allan Maxwell Norton
Director

3 February 2023

Informatics Education Ltd.

**Independent auditor's report
For the financial year ended 30 June 2022**

Independent auditor's report to the members of Informatics Education Ltd.

Report on the audit of the financial statements

Adverse Opinion

We have audited the financial statements of Informatics Education Ltd. (the "Company"), which comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, the accompanying financial statements do not give a true and fair view of the financial position of the Company as at 30 June 2022 and of the financial performance, changes in equity and cash flows of the Company for the year then ended in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)).

Basis for Adverse Opinion

As stated in Note 3.4 to the financial statements, the Company did not prepare consolidated financial statements incorporating the results and financial position of its subsidiaries for the financial year ended 30 June 2022. This is not in compliance with the requirements of Section 201(5a) of the Act and SFRS(I) 10, *Consolidated Financial Statements*, which require a parent company to prepare consolidated financial statements. Had consolidated financial statements been prepared, every account in, and the information provided by way of notes to the accompanying financial statements would have been materially affected. The effects of these non-compliances are pervasive to the financial statements and have not been quantified.

The Company's assets held for sale are carried in the statement of financial position at \$1,489,770. As stated in Note 14 to the financial statements, the Company did not perform an impairment assessment on the carrying amounts of the assets immediately before the initial classification of the assets held for sale. This is not in compliance with SFRS(I) 1-36, *Impairment of Assets*, which requires the Company to estimate the recoverable amount of the asset if there is any indication that an asset may be impaired. Upon initial classification of the assets held for sale, the Company did not perform a fair value assessment on these assets. This is not in compliance with SFRS (I) 5, *Non-current Assets Held for Sale and Discontinued Operations*, which requires non-current asset classified as held for sale to be measured at the lower of its carrying amount and fair value less costs to sell. The effects of the non-compliance have not been quantified and no adjustments have been made to the financial statements.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Informatics Education Ltd.

Independent auditor's report For the financial year ended 30 June 2022

Independent auditor's report to the members of Informatics Education Ltd.

Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements. The Company incurred net loss of \$301,554 and recorded net cash outflows of \$569,872 from its operating activities for the financial year ended 30 June 2022. As at 30 June 2022, the Company has net current liabilities and net liabilities of \$3,248,720. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as going concern. Notwithstanding the above, the financial statements of the Company are prepared on a going concern basis as the Company received a letter of financial support from its penultimate holding company, Berjaya Land Berhad, to provide continuing financial support to the Company to enable it to continue its operations and meet its liabilities as and when they fall due.

If the Company is unable to continue operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situations that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to Note 3.4 to the financial statements. In prior year, the Company had presented a set of consolidated financial statements of the Company and its subsidiaries. This is the first set of separate financial statements for the Company. The comparative financial statements of the Company for the year ended 30 June 2021 were not audited and our opinion does not relate to the financial statements for that year.

Other information

Management is responsible for other information. The other information comprises the Directors' statement. It does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The Directors' statement states that the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2022 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date. However, as described in the *Basis for Adverse Opinion* section of our report, we have expressed an adverse opinion on the financial statements for the reasons described in that section.

Informatics Education Ltd.

Independent auditor's report For the financial year ended 30 June 2022

Independent auditor's report to the members of Informatics Education Ltd.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Informatics Education Ltd.

**Independent auditor's report
For the financial year ended 30 June 2022**

Independent auditor's report to the members of Informatics Education Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section, the accounting and other records required by the Act to be kept by the Company have not been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
3 February 2023

Informatics Education Ltd.

**Statement of comprehensive income
For the financial year ended 30 June 2022**

(In Singapore Dollars)

	Note	2022 \$	2021 \$
Revenue	5	1,018,189	1,062,898
Other operating income	6	287,822	139,778
Staff costs	7	(752,775)	(750,088)
Depreciation of property, plant and equipment	10	–	(5)
(Allowance for)/reversal of expected credit loss on trade and other receivables, net	12	(293,442)	606,989
Impairment of investment in subsidiaries	11	–	(1,017,824)
Fair value gain on valuation of loans due from subsidiaries	12	–	465,921
Other operating expenses	8	(561,348)	(618,969)
Loss before taxation		(301,554)	(111,300)
Taxation	9	–	–
Loss for the year, representing total comprehensive income for the year		(301,554)	(111,300)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Informatics Education Ltd.**Statements of financial position
As at 30 June 2022**

(In Singapore Dollars)

	Note	2022	2021
		\$	\$
Non-current assets			
Property, plant and equipment	10	–	–
Investment in subsidiaries	11	–	556,585
Trade and other receivables	12	–	859,078
		–	1,415,663
Current assets			
Prepayments		6,107	6,283
Trade and other receivables	12	24,858	138,489
Cash and bank balances	13	85,112	1,054,573
		116,077	1,199,345
Assets held for sale	14	1,489,770	–
		1,605,847	1,199,345
Total assets		1,605,847	2,615,008
Current liabilities			
Deferred income and fees	5	115,089	120,495
Trade and other payables	15	4,739,478	3,692,599
Interest-bearing borrowings	16	–	1,000,000
		4,854,567	4,813,094
Net current liabilities		(3,248,720)	(3,613,749)
Non-current liabilities			
Trade and other payables	15	–	749,080
		–	749,080
Total net liabilities		(3,248,720)	(2,947,166)
Equity attributable to equity holders of the Company			
Share capital	17	34,667,196	34,667,196
Accumulated losses		(37,915,916)	(37,614,362)
Total equity		(3,248,720)	(2,947,166)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Informatics Education Ltd.

**Statements of changes in equity
For the financial year ended 30 June 2022**

(In Singapore Dollars)

	Share capital \$	Accumulated losses \$	Total equity \$
2022			
At 1 July 2021	34,667,196	(37,614,362)	(2,947,166)
Loss for the financial year, representing total comprehensive income for the financial year	–	(301,554)	(301,554)
At 30 June 2022	34,667,196	(37,915,916)	(3,248,720)
2021			
At 1 July 2020	34,667,196	(37,503,062)	(2,835,866)
Loss for the financial year, representing total comprehensive income for the financial year	–	(111,300)	(111,300)
At 30 June 2021	34,667,196	(37,614,362)	(2,947,166)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Informatics Education Ltd.

**Statement of cash flow
For the financial year ended 30 June 2022**

(In Singapore Dollars)

	Note	2022 \$	2021 \$
Cash flow from operating activities			
Loss before taxation		(301,554)	(111,300)
Adjustments for:			
Depreciation of property, plant and equipment	10	–	5
Allowance for/(reversal of) expected credit loss on trade and other receivables, net	12	293,442	(606,989)
Write-off of bad debts	8	–	5,524
Impairment of investment in subsidiaries	11	–	1,017,824
Fair value gain on valuation of loans due from subsidiaries	12	–	(465,921)
Finance costs	8	82,169	65,579
Interest income	6	(186,718)	(124,195)
Unrealised exchange (gain)/loss		(14,213)	183
Operating loss before working capital changes		(126,874)	(219,290)
(Increase)/decrease in prepayments, trade and other receivables		(71,875)	52,905
Decrease in deferred income and fees		(5,406)	(80,617)
(Decrease)/increase in trade and other payables		(359,027)	98,730
Cash used in operations		(563,182)	(148,272)
Interest received		5,178	3,596
Interest paid		(11,868)	(12,699)
Net cash flows used in operating activities		(569,872)	(157,375)
Cash flows from financing activities			
Uplift/(placement) of fixed deposit pledged as security for borrowings		1,008,044	(8,044)
Repayment of interest-bearing borrowings	16	(1,000,000)	–
Advances from immediate holding company		600,000	–
Net cash flows generated from/(used in) financing activities		608,044	(8,044)
Net increase/(decrease) in cash and cash equivalents		38,172	(165,419)
Cash and cash equivalents at beginning of the financial year		46,529	212,131
Effects of exchange rate changes on opening cash and cash equivalents		411	(183)
Cash and cash equivalents at end of the financial year	13	85,112	46,529

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Informatics Education Ltd.

Notes to the financial statements For the financial year ended 30 June 2022

(In Singapore Dollars)

1. Corporate information

Informatics Education Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore. The registered office and principal place of business of the Company is located at 7 Temasek Boulevard, #12-07 Suntec Tower One, Singapore 038987.

The Company's immediate holding company is Berjaya Leisure Capital (Cayman) Limited, incorporated in the Cayman Islands. The penultimate holding company and ultimate holding company are Berjaya Land Berhad and Berjaya Corporation Berhad respectively, which are incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. Subsidiaries of Berjaya Corporation Berhad are related corporations of the Company and its subsidiaries.

The principal activities of the Company are those of investment holding, franchisor and licensor for computer and commercial training centres and examination facilitators. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

2. Fundamental accounting concept

For the financial year ended 30 June 2022, the Company incurred net loss of \$301,554 (2021: \$111,300) and recorded net cash outflows of \$569,872 (2021: \$157,375) from its operating activities.

As at 30 June 2022, the Company has net current liabilities and net liabilities of \$3,248,720 (2021: \$3,613,749) and \$3,248,720 (2021: \$2,947,166), respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as going concern.

Notwithstanding the above, the financial statements of the Company are prepared on a going concern basis as the Company received a letter of financial support from its penultimate holding company, Berjaya Land Berhad, to provide continuing financial support to the Company to enable it to continue its operations and meet its liabilities as and when they fall due.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Informatics Education Ltd.

Notes to the financial statements For the financial year ended 30 June 2022

(In Singapore Dollars)

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards International ("SFRS(I)").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$).

3.2 Changes in accounting policies and disclosures

Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 July 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

3.3 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1 -1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 10 <i>Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards and interpretation above will have no material impact on the financial statements in the period of initial application.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.4 *Basis of consolidation*

The Company has not prepared a set of consolidated financial statements of the Company and its subsidiary companies. The non-preparation of consolidated financial statements is not in accordance with Singapore Financial Reporting Standard (International) 10 *Consolidated Financial Statements*.

The directors are of the opinion that there is no practical benefit to be gained by the shareholders to prepare the consolidated financial statements. Audited financial statements of the subsidiary companies will be made available to the shareholders of the Company.

In prior year, the Company had presented a set of consolidated financial statements of the Company and its subsidiaries. This is the first set of separate financial statements of the Company and the comparative statement of comprehensive income and statement of cash flows for the year ended 30 June 2021 were not audited.

3.5 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currencies of the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

3.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost, except for recognition of right-of-use assets in accordance with SFRS(I) 16. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.6 Property, plant and equipment (cont'd)

Right-of-use assets

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings, office and computer equipment	-	3 to 5 years
Improvement to premises	-	2 to 5 years
Right-of-use assets (leasehold premises)	-	Over the lease term

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

3.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.7 Intangible assets (cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Computer software

Computer software has a finite useful life and is amortised over the period of estimated useful life of 3 years on a straight-line basis.

Development costs

Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over 3 years on a straight-line basis.

3.8 Subsidiaries

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are accounted for at cost less any impairment losses.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.9 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount, that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

3.10 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.10 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

3.11 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECL 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.

For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset 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.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents exclude cash and deposits which are restricted in use.

3.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.14 Borrowings costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

3.15 Employee benefits

(a) *Defined contribution plans*

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.15 Employee benefits (cont'd)

(c) *Retrenchment benefit*

Retrenchment benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises retrenchment benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of SFRS(I) 1-37 and involves the payment of retrenchment benefits.

3.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to staff costs are presented as a credit to "Staff costs" in the profit or loss.

3.17 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time.

The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Examination fees*

Examination fee is recognised as revenue when the Company has delivered or satisfied all its performance obligations stated in the contract with the customer, which is upon release of the examination results to the customers. Examination fees received prior to the completion of the examination are recorded as deferred income and fees in the statement of financial position.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.17 Revenue (cont'd)

(b) *Franchise fees*

Initial franchise fee is recognised as revenue when the contractual requirements under the franchise agreement are completed. Recurring franchise fee is recognised as revenue on a monthly basis, determined as a percentage of revenue generated by the franchisees.

(c) *Licence fees*

Licence fee is recognised as revenue evenly over the duration of the agreement. Accreditation fee from potential licensee is recognised upon completion and issuance of accreditation report.

(d) *Interest income*

Interest income is recorded using the effective interest method.

3.18 Leases

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

As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The accounting policies on recognition and subsequent measurement of right-of-use assets is as disclosed in Note 3.6.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 3.9.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.18 Leases (cont'd)

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities 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 the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.19 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior years 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 the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.20 Taxes (cont'd)

(b) *Deferred tax*

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

Deferred tax liabilities are recognised for all temporary differences, except:

- (i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 utilised except:

- (i) 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 is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.19 Taxes (cont'd)

(b) *Deferred taxes (cont'd)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- (i) Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables that are stated with the amount of sales tax included.

3.20 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3.21 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.21 Contingencies (cont'd)

Contingent liabilities and assets are not recognised on the statement of financial position of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3.22 Assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Additional disclosures are provided in Note 14. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

4. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4.1 Judgements made in applying accounting policies

There are no critical judgements, apart from those involving estimates, that management has made in the process of applying the entity's accounting policies and that have significant effect on the amounts recognised in the financial statements.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed 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.

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

4. Significant accounting judgements and estimates (cont'd)

4.2 Key sources of estimation uncertainty (cont'd)

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Company's trade receivables is disclosed in Note 12 to the financial statements.

The carrying amount of the Company's trade receivables as at 30 June 2022 was \$21,240 (2021: \$19,272).

5. Revenue

a) Disaggregation of revenue

	2022	2021
	\$	\$
Services		
Examination fees	288,132	335,063
Franchise and license fee income	110,057	97,835
Management fee income	620,000	630,000
	<hr/> 1,018,189	<hr/> 1,062,898
Timing of transfer of services		
At a point in time	288,132	335,063
Over time	730,057	727,835
	<hr/> 1,018,189	<hr/> 1,062,898

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

5. Revenue (cont'd)

b) Contract balances

Information about receivables and deferred income and fees from contracts with customers is disclosed as follows:

	30 June 2022	30 June 2021	1 July 2020
	\$	\$	\$
Trade receivables (Note 12)	21,240	19,272	96,796
Deferred income and fees	115,089	120,495	201,112

Deferred income and fees relate primarily to:

- (a) License fees which the Company had billed and received in advance, and will be recognised as revenue over the duration of the license period; and
- (b) Examination fees billed and received in advance, and will be recognised when the Company releases the results to the customer.

As at 30 June 2022, included in the Company's deferred income and fees of \$115,089 (2021: \$120,495) are deferred grants income amounting to \$Nil (2021: \$5,348) which arises from government measures announced to cushion the impact of COVID-19 on businesses.

Revenue recognised in relation to deferred income and fees is disclosed as follows:

	2022	2021
	\$	\$
Revenue recognised that was included in the deferred income and fees balance at the beginning of the year	23,739	101,243

6. Other operating income

	2022	2021
	\$	\$
Interest income		
- Loans to subsidiaries	184,186	117,953
- Short-term deposits	2,532	6,242
	186,718	124,195
Government grants and subsidies	-	15,366
Sundry income	1,104	217
Forfeiture of deposit collected	100,000	-
	287,822	139,778

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

7. Staff costs

	2022	2021
	\$	\$
Staff costs (including key management personnel):		
- Salaries and bonuses	690,441	746,110
- Defined contribution plan contributions	71,285	59,265
- Government grants and subsidies	(8,951)	(64,518)
- Retrenchment benefit	–	9,231
	<hr/>	<hr/>
	752,775	750,088
	<hr/> <hr/>	<hr/> <hr/>

Government grants and subsidies of \$8,951 (2021: \$64,518) was recognised during the financial year. Included within the government grants and subsidies are Job Support Scheme (“JSS”) of \$5,348 (2021: \$62,095). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

8. Other operating expenses

The following items have been charged/(credited) in arriving at other operating expenses:

	2022	2021
	\$	\$
Finance costs on:		
- Borrowings	11,868	12,699
- Amount due to subsidiaries	70,301	52,880
Write-off of bad debts	–	5,524
Foreign exchange (gain)/loss, net	(19,347)	4,153
Expense relating to short-term leases	24,500	10,500
	<hr/>	<hr/>

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

9. Taxation

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rates for the financial year ended 30 June 2022 and 2021 are as follows:

	2022	2021
	\$	\$
Loss before taxation	(301,554)	(111,300)
Tax at the applicable tax rate of 17%	(51,264)	(18,921)
Adjustments:		
Income not subject to taxation	(37,587)	(325,825)
Non-deductible expenses	25,392	274,650
Deferred tax asset not recognised	63,459	70,096
Income tax expense recognised in profit or loss	–	–

As at 30 June 2022, the Company has tax losses of approximately \$27,250,000 (2021: \$26,862,000) and other temporary differences of approximately \$3,688,000 (2021: \$3,702,000) that are available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The utilisation of these balances is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation. There is no expiry for the Company's tax losses in the tax jurisdictions.

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

10. Property, plant and equipment

	Furniture and fittings, office and computer equipment \$
Cost:	
At 1 July 2020	1,226,869
Write-off	(367,308)
	<hr/>
At 30 June 2021 and 1 July 2021	859,561
Write-off	(4,404)
	<hr/>
At 30 June 2022	855,157
	<hr/>
Accumulated depreciation:	
At 1 July 2020	1,226,864
Charge for the financial year	5
Write-off	(367,308)
	<hr/>
At 30 June 2021 and 1 July 2021	859,561
Write-off	(4,404)
	<hr/>
At 30 June 2022	855,157
	<hr/>
Net carrying amount:	
At 30 June 2022	—
	<hr/>
At 30 June 2021	—
	<hr/> <hr/>

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

11. Investment in subsidiaries

	2022	2021
	\$	\$
Unquoted equity shares, at cost	55,230,559	60,111,691
Impairment losses	(54,673,974)	(59,555,106)
Subtotal	<u>556,585</u>	<u>556,585</u>
Less: Reclassified to assets held for sale (Note 14)	(556,585)	–
Carrying amount	<u>–</u>	<u>556,585</u>
Movement in impairment losses is as follows:		
Balance at beginning of the financial year	59,555,106	72,591,451
Impairment loss for the financial year	–	1,017,824
Impairment loss written-off due to dissolution of subsidiary	(887,575)	(14,054,169)
Impairment loss written-off prior to reclassification to assets held for sale	(3,993,557)	–
Balance at end of the financial year	<u>54,673,974</u>	<u>59,555,106</u>

Name of company (country of incorporation and place of business)	Principal activities	Proportion of ownership interests	
		2022 %	2021 %
Held by the Company			
(1) Informatics Academy Pte Ltd (Singapore)	Computer and business education and training, business management consultancy and child development	100	100
(*) Informatics International Pte Ltd (Singapore)	Dissolved	–	100

Informatics Education Ltd.**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

11. Investment in subsidiaries (cont'd)

	Name of company (country of incorporation and place of business)	Principal activities	Proportion of ownership interests	
			2022 %	2021 %
Held by the Company (cont'd)				
(**)	Informatics Global Campus Pte Ltd (Singapore)	Dormant	100	100
(***)	Informatics Computer Education Sdn Bhd (Malaysia)	Dormant	100	100
(*)	Singapore Informatics Computer Institute (Pvt) Ltd (Sri Lanka)	Dissolved	–	100
(2)	Informatics Education (HK) Ltd (Hong Kong)	Computer education and training	100	100
(#)	Informatics Education UK Ltd (United Kingdom)	Investment holding	100	100
(3)	NCC Education Limited (United Kingdom) (Note a)	Educational and business management consultancy	51	51

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

11. Investment in subsidiaries (cont'd)

	Name of company (country of incorporation and place of business)	Principal activities	Proportion of ownership interests	
			2022 %	2021 %
Held by the subsidiaries				
(3)	NCC Education Limited (United Kingdom) (Note a)	Educational and business management consultancy	49	49
(4)	NCC Education (M) Sdn Bhd (Malaysia)	Marketing and consultancy	100	100
(5)	NCC Education (Beijing) Consulting Co., Ltd (The People's Republic of China)	Consultancy	100	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by Philip Poon and Partners CPA Limited, Hong Kong. The cost of investment in the subsidiary has been reclassified as assets held for sale at the end of the reporting period and was disclosed in Note 14.

(3) Audited by RSM UK Limited, United Kingdom (2021: Ernst & Young LLP, United Kingdom). The cost of investment in the subsidiary has been reclassified as assets held for sale at the end of the reporting period and was disclosed in Note 14.

(4) Audited by Rabin & Associates, Malaysia.

(5) Audited by Beijing Zhong Ping Jian Hua Hao Certified Public Accountants, The People's Republic of China.

(#) Not required to be audited by the law in the country of incorporation.

(*) The subsidiary was dissolved during the financial year.

(**) On 5 September 2022, the Company's wholly-owned subsidiary, Informatics Global Campus Pte Ltd has been dissolved.

(***) On 12 October 2022, the Company's wholly-owned subsidiary, Informatics Computer Education Sdn Bhd has been dissolved.

(a) Investment in NCC Education Limited

On 15 February 2021, the Company entered into a novation agreement ("Novation Agreement") with its wholly-owned subsidiaries, NCC Education Limited ("NCC") and Informatics Academy Pte Ltd ("IAPL"), to transfer the loans owed by NCC to IAPL amounting to \$1,376,740 ("IAPL Loans"), by way of novation, and all of its rights and obligations arising from and in relation to the IAPL Loans to the Company. Following the execution of the Novation Agreement, the Company became the lender of IAPL Loans. The Company subsequently capitalised the IAPL Loans, together with the existing loans due from NCC to the Company of \$777,729 and an advance of GBP50,000 (SGD89,585) made by the Company to NCC through IAPL (collectively "Loans and Advancement") as cost of investment in NCC ("Capitalisation").

Informatics Education Ltd.

Notes to the financial statements For the financial year ended 30 June 2022

(In Singapore Dollars)

11. Investment in subsidiaries (cont'd)

(a) Investment in NCC Education Limited (cont'd)

Management determined the cost of investment to be capitalised based on fair value of the Loans and Advancement using the discounted cash flows approach. Management assessed that the fair value of the loan due from NCC and the IAPL Loans to be \$243,000 (novated loans), \$224,000 (existing loans) and \$89,585 (advance) respectively. The Company recognised an amount of \$556,585 as additional cost of investment in NCC through the Capitalisation. The difference in the fair value between the loan receivable from NCC of \$243,000 and loan payable to IAPL of \$1,260,824 was treated as a contribution from the Company to IAPL and recognised as a deemed investment in IAPL of \$1,017,824. As IAPL has ceased to accept new students and will teach-out its existing students, the deemed investment in IAPL arrived at the difference in the fair value was fully impaired.

Following completion of the Capitalisation, the Company holds 50.7% of the shareholdings in NCC, while Informatics Education UK Ltd holds the remaining 49.3% of the shareholdings in NCC.

(b) Dissolution of Informatics International Pte Ltd

On 6 September 2021, the Company's wholly-owned subsidiary, Informatics International Pte Ltd has been dissolved. The dissolution has no significant impact to the profit or loss of the Company.

(c) Dissolution of Singapore Informatics Computer Institute (Pvt) Ltd

On 6 January 2022, the Company's wholly-owned subsidiary, Singapore Informatics Computer Institute (Pvt) Ltd has been dissolved. The dissolution has no significant impact to the profit or loss of the Company.

12. Trade and other receivables

	2022 \$	2021 \$
Trade receivables	81,900	19,272
Less: Allowance for expected credit losses	(60,660)	–
	21,240	19,272
Other receivables	–	12,646
Goods and services tax receivable	3,618	9,477
	3,618	22,123
Amounts due from subsidiaries	62,827	4,396,583
Loans due from subsidiaries	870,358	906,172
Less: Allowance for expected credit losses	–	(4,346,583)
	933,185	956,172
Less: Reclassified to assets held for sale (Note 14)	(933,185)	–
	–	956,172
Total trade and other receivables	24,858	997,567

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

12. Trade and other receivables (cont'd)

	2022	2021
	\$	\$
Current	24,858	138,489
Non-current	–	859,078
Total	<u>24,858</u>	<u>997,567</u>

Trade receivables are non-interest bearing and are generally on 30 days' terms or repayable on demand. They are recognised at their original invoice amounts, which represents their fair values on initial recognition.

Expected credit losses on trade receivables

Summarised below are the information about the loss allowance and the credit risk exposure on the Company's trade receivables using provision matrix:

	Past due more than 90 days \$
30 June 2022	
ECL rate	74.06%
Total gross carrying amount at default	81,900
Expected credit losses	<u>60,660</u>
	Past due more than 90 days \$
30 June 2021	
Total gross carrying amount	19,272
Expected credit losses	<u>–</u>

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

12. Trade and other receivables (cont'd)

Expected credit losses on trade receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Company	
	2022	2021
	\$	\$
Movement in allowance accounts:		
At beginning of the financial year	–	2,116
Charge for the year	60,660	–
Write-back for the financial year	–	(2,116)
At end of the financial year	<u>60,660</u>	<u>–</u>

Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free, repayable on demand and are expected to be settled in cash. These amounts have been reclassified to assets held for sale and are disclosed in Note 14.

Loans due from subsidiaries

In the previous financial year, the Company entered into a supplementary loan agreement with its wholly-owned subsidiary, Informatics Education (HK) Ltd (“IEHK”), to restructure the loan owed by IEHK to the Company amounting to \$1,598,811. The repayment plan for the loan has been revised to 25 quarterly payments plan from 31 December 2020 to 31 December 2026. The loan due from IEHK was unsecured and bears an interest rate of 5% per annum in the previous financial year.

The Company had assessed the modification of the loan in accordance with SFRS(I) 9 Financial Instruments and concluded that the modification should be accounted for as an extinguishment of the original loan and recognition of a new loan. On initial recognition of the new loan, management assessed the fair value of the loan to be \$1,019,650. The Company recorded a fair value gain on valuation of \$1,019,650 in previous financial year.

In the previous financial year, following the execution of the Novation Agreement as disclosed in Note 11 in the financial statements, the Company has capitalised the existing loans due from NCC of \$777,729 as additional cost of investment. On the date of capitalisation, management assessed the fair value of the loan to be \$224,000 and recorded a fair value gain of \$224,000 in the previous financial year.

At the end of the reporting period, the loan due from subsidiaries has been reclassified to assets held for sale and are disclosed in Note 14.

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

12. Trade and other receivables (cont'd)

Loans due from subsidiaries (cont'd)

Expected credit losses on amounts due from subsidiaries and loans due from subsidiaries

The movement in allowance for expected credit losses of amounts due from subsidiaries and loans due from subsidiaries computed based on lifetime ECL are as follows:

	Company	
	2022	2021
	\$	\$
Movement in allowance accounts:		
At beginning of the financial year/period	4,346,583	6,550,267
Charge for the year	245,282	307,208
Write-back of the allowance	(12,500)	(912,081)
Written-off against allowance	–	(1,598,811)
Written-off prior to reclassification to assets held for sale	(4,579,365)	–
	<hr/>	<hr/>
At end of the financial year	–	4,346,583
	<hr/>	<hr/>

13. Cash and bank balances

	2022	2021
	\$	\$
Cash at bank and on hand	85,112	46,529
Short-term deposits	–	1,008,044
	<hr/>	<hr/>
Cash and bank balances in the statements of financial position	85,112	1,054,573
Restricted cash – short-term deposits pledged for bank facilities	–	(1,008,044)
	<hr/>	<hr/>
Cash and cash equivalents in the cash flow statement	85,112	46,529
	<hr/>	<hr/>

In the previous financial year, short-term deposits with financial institutions earned interest of 0.45% to 0.8% per annum and have maturity of 12 months. The restricted cash comprised short-term deposits of \$1,008,044 pledged to bank for credit facility granted to the Company (Note 16).

At the end of the reporting period, cash and bank balances denominated in foreign currencies are as follows:

	2022	2021
	\$	\$
United States Dollars	14,868	11,902
	<hr/>	<hr/>

Informatics Education Ltd.

Notes to the financial statements For the financial year ended 30 June 2022

(In Singapore Dollars)

14. Assets held for sale

On 18 January 2022 and 13 May 2022, the Company publicly announced its plan to dispose of the following subsidiaries – Informatics Education (HK) Ltd (“IEHK”) and NCC Education Limited (“NCCUK”) in Hong Kong and United Kingdom respectively. As at 30 June 2022, the Company’s investment in and assets and liabilities attributed to these two subsidiaries have been classified as assets held for sale. The major classes of assets and liabilities of IEHK and NCCUK classified as held for sale as at 30 June are, as follow:

	IEHK \$	2022 NCCUK \$	Total \$
Assets			
Carrying value of investment in subsidiaries (Note 11)	–	556,585	556,585
Amount due from subsidiaries (Note 12)	932,858	327	933,185
Assets held for sale	932,858	556,912	1,489,770

The management has not performed an impairment assessment on the carrying amounts of the assets immediately before the initial classification of the assets held for sale and did not perform a fair value assessment on assets held for sale as the management is of the view that the cost to be incurred to perform a fair value assessment outweighs the economic benefits.

15. Trade and other payables

	2022 \$	2021 \$
Other payables	74,685	36,854
Accrued operating expenses	174,738	179,146
Accrual for retrenchment benefit	–	9,231
Amount due to immediate holding company	586,198	–
Amounts due to subsidiaries	3,122,816	2,928,605
Loan due to subsidiary	781,041	1,287,843
Total trade and other payables	4,739,478	4,441,679
Current	4,739,478	3,692,599
Non-current	–	749,080
Total	4,739,478	4,441,679

Other payables

Other payables are non-interest bearing and are normally settled on 30-90 days term.

Accrual for retrenchment benefit

In the previous financial year, the cessation of the operation of the Company’s subsidiary in Singapore, Informatics Academy Pte Ltd (“IAPL”) resulted in the retrenchment of employees at IAPL and the Company. Staff retrenchment costs amounting to \$9,231 was recognised in the previous financial year and the amount has been settled during the financial year.

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

15. Trade and other payables (cont'd)

Amount due to immediate holding company

Amount due to immediate holding company are unsecured, interest-free, repayable on demand and are expected to be settled in cash. The amount due to immediate holding company is denominated in Malaysian Ringgit.

Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, repayable on demand and are expected to be settled in cash. Amounts due to subsidiaries include interest-bearing amounts of \$1,888,166 (2021: \$1,888,166), bearing interest at a rate of 1.3% (2021: 0.3%) per annum. The remaining amounts due to subsidiaries are interest-free.

Loan due to subsidiary

Following the execution of the Novation Agreement in the previous financial year, as disclosed in Note 11 in the financial statements, the Company became the borrower of loan due to IAPL. The loan is unsecured, bearing interest at a rate of 4% per annum and are expected to be settled in cash. On the date of novation, management assessed that the fair value of the loan due to IAPL to be \$1,261,000 using the discounted cash flow approach.

At the end of the reporting period, other payables denominated in foreign currencies are as follows:

	2022	2021
	\$	\$
Malaysian Ringgit	586,198	–

16. Interest-bearing borrowings

	2022	2021
	\$	\$
Current liabilities		
Revolving credit loan (secured)	–	1,000,000

The revolving credit loan of the Company was denominated in Singapore Dollars and carries a floating interest rate of the Bank's Cost of Funds + 0.75% per annum. The revolving credit loan was drawdown for working capital purpose and was secured by short-term deposits of the Company as disclosed in Note 13. The revolving credit loan has been fully settled during the financial year.

Informatics Education Ltd.**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

17. Share capital

	2022		2021	
	No. of shares	\$	No. of shares	\$
Issued and fully paid:				
At beginning and end of the financial year	177,339,649	34,667,196	177,339,649	34,667,196

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

On 22 August 2019, the Company completed a renounceable non-underwritten rights cum warrants issue and allotted and issued 105,124,182 shares at an issue price of \$0.05 per share and 35,041,371 warrants. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of \$0.05 for each share. The warrants expire on 21 August 2024.

18. Related party disclosures**(a) Sale and purchase of goods and services**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	2022	2021
	\$	\$
Income received from subsidiaries:		
- management fees	620,000	630,000
- loan interest income	184,186	117,953
- examination fees income	50,000	200,000
Expenses charged by subsidiaries:		
- loan interest expense	70,301	52,880
- support services	112,210	91,548
- salaries recharged	—	132,930
- rental of premises	—	77,842
Expenses charged by related corporations:		
- rental of premises	24,500	10,500

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

18. Related party disclosures (cont'd)

(b) ***Compensation of key management personnel***

	2022	2021
	\$	\$
Short-term employee benefits (including directors' fees)	546,738	556,200
Defined contribution plan contributions	35,503	36,754
	<hr/>	<hr/>
Total compensation paid to key management personnel	582,241	592,954
	<hr/> <hr/>	<hr/> <hr/>
Comprise amounts paid/payable to:		
- Directors of the Company	110,000	100,000
- Other key management personnel	472,241	492,954
	<hr/>	<hr/>
	582,241	592,954
	<hr/> <hr/>	<hr/> <hr/>

19. Contingencies

Contingent liabilities

The Company has undertaken to provide continual financial support to certain subsidiaries to enable them to operate as going concerns for at least 12 months from the date of their financial statements.

20. Fair value of financial instruments

Fair value of financial assets and liabilities

(a) ***Fair value hierarchy***

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(In Singapore Dollars)

20. Fair value of financial instruments (cont'd)

Fair value of financial assets and liabilities (cont'd)

(b) *Assets and liabilities not measured at fair value, for which fair value is disclosed*

The following table shows an analysis of the Company's loans due from subsidiaries (current and non-current) and loan due to subsidiary (current and non-current) not measured at fair value, for which fair value is disclosed:

	30 June 2022				
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
	\$	\$	\$	\$	\$
Liabilities					
Loan due to subsidiary	–	–	773,602	773,602	781,041
30 June 2021					
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
	\$	\$	\$	\$	\$
Assets					
Loans due from subsidiaries	–	–	1,014,211	1,014,211	906,172
Liabilities					
Loan due to subsidiary	–	–	1,277,000	1,277,000	1,287,843

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

20. Fair value of financial instruments (cont'd)

Fair value of financial assets and liabilities (cont'd)

(b) *Assets and liabilities not measured at fair value, for which fair value is disclosed (cont'd)*

Determination of fair value

Loans due from subsidiaries and loan due to subsidiary

The fair values as disclosed in the table above are estimated by discounted expected future cash flows at market incremental lending rate for similar types of lending or borrowing at the end of the reporting period.

Management has also determined that the carrying amount of cash and bank balances, current trade and other receivables, current loans due to subsidiaries, current other payables and interest-bearing borrowings are reasonable approximation of their fair values as they are mostly short-term in nature or are repriced to market interest rate.

There are no financial assets or financial liabilities that are carried at fair value.

Classification of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities in each of the following categories are as follows:

	2022	2021
	\$	\$
<i>Financial assets measured at amortised cost</i>		
Trade and other receivables	24,858	997,567
Cash and bank balances	85,112	1,054,573
	<hr/>	<hr/>
	109,970	2,052,140
Less: Goods and services tax receivable	(3,618)	(9,477)
	<hr/>	<hr/>
	106,352	2,042,663
	<hr/> <hr/>	<hr/> <hr/>
<i>Financial liabilities measured at amortised cost</i>		
Other payables and accruals	249,423	225,231
Amount due to immediate holding company	586,198	–
Non interest-bearing amounts due to subsidiaries	1,234,650	1,040,439
Interest-bearing amounts due to subsidiaries	1,888,166	1,888,166
Interest-bearing loan due to subsidiary	781,041	1,287,843
Total trade and other payables	4,739,478	4,441,679
Interest-bearing borrowings	–	1,000,000
	<hr/>	<hr/>
	4,739,478	5,441,679
	<hr/> <hr/>	<hr/> <hr/>

(In Singapore Dollars)

21. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, foreign currency risk and credit risk. It is, and has been throughout the current financial year and previous financial period, the Company's policy that no derivatives transactions shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk arises primarily from the Company's short-term deposits and interest-bearing borrowings, and the Company's amounts due from/to subsidiaries and loans due from/to subsidiaries.

Since the Company's deposits are usually placed on a short-term basis, there is no significant exposure arising from interest rate fluctuation. As the interest rate on the long-term bank loan and interest-bearing balances with subsidiaries is fixed, there is no impact from interest rate fluctuation.

The Company's revolving credit loan at floating rate repriced every month from the end of the reporting period.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Company's loss before tax to a reasonably possible change in interest rates on the Company's floating rate borrowing, with all other variables held constant.

	2022	2021
	\$	\$
Increase in 50 basis points	(9,441)	(14,441)
Decrease in 50 basis points	9,441	14,441

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

21. Financial risk management objectives and policies (cont'd)

(b) **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company's liquidity risk management policy is to monitor and maintain adequate cash and cash equivalents and liquid financial assets to finance the Company's operations.

Analysis of financial instruments by remaining contractual maturities

The following table details the Company's financial assets and liabilities at the end of the reporting period, based on contractual undiscounted repayment obligations.

	One year or less \$
2022	
Financial assets	
Trade and other receivables (<i>exclude goods and services tax receivable</i>)	21,240
Cash and bank balances	85,112
Total undiscounted financial assets	<u>106,352</u>
Financial liabilities	
Other payables	4,801,488
Total undiscounted financial liabilities	<u>4,801,488</u>
Total net undiscounted financial liabilities	<u>(4,695,136)</u>

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

21. Financial risk management objectives and policies (cont'd)

(b) **Liquidity risk (cont'd)**

	30 June 2021			
	One year or less	One to five years	Over five years	Total
	\$	\$	\$	\$
Company				
Financial assets				
Trade and other receivables (exclude goods and services tax receivable)	301,918	930,000	607,040	1,838,958
Cash and bank balances	1,054,573	–	–	1,054,573
Total undiscounted financial assets	1,356,491	930,000	607,040	2,893,531
Financial liabilities				
Trade and other payables	3,751,753	783,840	–	4,535,593
Interest-bearing borrowings	1,001,027	–	–	1,001,027
Total undiscounted financial liabilities	4,752,780	783,840	–	5,536,620
Total net undiscounted financial (liabilities)/assets	(3,396,289)	146,160	607,040	(2,643,089)

(c) **Foreign currency risk**

The Company's foreign currency risk results mainly from amount due to immediate holding company denominated in foreign currencies. The Company also hold cash and bank balances denominated in the United States Dollars (USD) for working capital purposes. The currency mix of the amount due to immediate holding company and cash and bank balances at the end of the reporting period are disclosed in Note 15 to the financial statements and Note 13 to the financial statements respectively.

The Company does not enter into derivative foreign exchange contracts to hedge its foreign currency risk. It is the Company's policy not to trade in derivatives contracts.

In addition, the Company is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Hong Kong and the United Kingdom. The Company's net investments are not hedged as currency positions in Malaysian Ringgit (MYR), Hong Kong Dollars (HKD) and Great Britain Pounds (GBP) are considered to be long-term in nature.

(In Singapore Dollars)

21. Financial risk management objectives and policies (cont'd)

(c) **Foreign currency risk (cont'd)**

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's loss before tax to a reasonably possible change in the USD and MYR exchange rates (against SGD), with all other variables held constant.

	Loss before tax	
	2022	2021
	\$	\$
USD - strengthened 5% (2021: 5%)	743	595
- weakened 5% (2021: 5%)	(743)	(595)
MYR - strengthened 5% (2021: 5%)	(29,310)	-
- weakened 5% (2021: 5%)	29,310	-

(d) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of trade receivables, other receivables and cash and bank balances.

(In Singapore Dollars)

21. Financial risk management objectives and policies (cont'd)

(d) **Credit risk (cont'd)**

Credit risk concentration profile

The Company determines concentration of credit risk by monitoring the country and industry sector profile of its trade and other receivables on an ongoing basis.

As at the reporting date, the trade receivables was due by the Company's most significant customer who has been transacting with the Company for more than 10 years.

Expected credit losses on trade receivables

The Company provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Company's historical observed default rates analysed in accordance to days past due by grouping of customers based on observable ageing buckets. The expected credit losses also incorporate forward looking information such as unemployment rate of Singapore residents and inflation rates.

Amounts due from subsidiaries and loans due from subsidiaries

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and recognised impairment loss allowance for amounts due from subsidiaries and loans due from subsidiaries.

Information regarding the allowance for expected credit losses for the Company's trade receivables and Company's amounts due from subsidiaries and loans due from subsidiaries is disclosed in Note 12 to the financial statements.

Informatics Education Ltd.

Notes to the financial statements For the financial year ended 30 June 2022

(In Singapore Dollars)

22. Capital management

The Company's objectives when managing capital are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt is calculated as total liabilities less cash and bank balances. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. There are no external capital requirements imposed on the Company.

	2022 \$	2021 \$
Deferred income and fees	115,089	120,495
Trade and other payables and provision	4,739,478	3,692,599
Interest-bearing borrowings	–	1,000,000
	<hr/>	<hr/>
Total liabilities	4,854,567	4,813,094
Cash and bank balances (Note 13)	(85,112)	(1,054,573)
	<hr/>	<hr/>
Net debt	4,769,455	3,758,521
	<hr/>	<hr/>
Total equity	(3,248,720)	(2,947,166)
	<hr/>	<hr/>
Gearing	n/m	n/m
	<hr/>	<hr/>

n/m – not meaningful

23. Post balance sheet event

On 28 June 2022, the Company received a delisting notification from the Singapore Exchange Securities Trading Limited ("SGX-ST") which required the Company or its controlling shareholders to provide a fair and reasonable exit offer to the Company's shareholders. The trading of the Company's securities was suspended on 28 July 2022.

On 18 October 2022, the Company's immediate holding company, Berjaya Leisure Capital (Cayman) Limited, made an unconditional cash exit offer of \$0.011 per share and \$0.0001 for each warrant to the shareholders and warrant holders of the Company respectively in connection with the directed delisting. Following the close of the cash exit offer on 30 December 2022, the Company was delisted from the official list of the SGX-ST on 10 January 2023.

Informatics Education Ltd.

**Notes to the financial statements
For the financial year ended 30 June 2022**

(In Singapore Dollars)

23. Post balance sheet event (cont'd)

Following the close of the cash exit offer, Berjaya Leisure Capital (Cayman) had the following interest of shares and warrants in the Company:

	No. of Shares	Interest %	No. of Warrants	Interest %
Berjaya Leisure Capital (Cayman) Ltd	158,991,554	89.65	34,587,826	98.71

24. Authorisation of financial statements for issue

The financial statements for the financial year period 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 3 February 2023.