

ALLIANCE FRANCAISE DE SINGAPOUR
Society Registration No. S61SS0085C

**FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021
TOGETHER WITH
STATEMENT BY THE COUNCIL
AND AUDITOR'S REPORT**

ALLIANCE FRANCAISE DE SINGAPOUR

GENERAL INFORMATION

President

Mr Andrew Lau

Honorary President

H.E. Marc Abensour

Vice-Presidents

Mr Pascal Demierre

Mr Jean-Pierre Michalowski

Secretary General

Mr Fabian Forni

Treasurer

Mr Patrick Fiat

Council Members

Mr Francois Guibert
Mrs Emi Eu
Mrs Laurence Huret
Mr Francois Meurine

Mrs Ariane Nabarro
Mr Nicolas Ricard
Mr Eric Saux
Ms Eunice Lim

Executive Director

Fabian Forni

Registered office

1 Sarkies Road
Singapore 258130

Auditors

Kwan Wong Tan & Hong

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ALLIANCE FRANCAISE DE SINGAPOUR

Statement by the Council

In our opinion, the accompanying statements of financial position, comprehensive income, changes in funds and cash flows together with the notes comprising a summary of significant accounting policies and other explanatory information are drawn up so as to give a true and fair view of the financial position of Alliance Française de Singapour as at 31 December 2021, and of the financial performance, changes in funds and cash flows of the Society for the financial year ended on that date.

On behalf of the Council



ANDREW LAU
President



PATRICK FIAT
Treasurer

24 MAY 2022

Kwan Wong Tan & Hong

CHARTERED ACCOUNTANTS OF SINGAPORE



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Independent Auditors' Report to the Council of Alliance Francaise de Singapour

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ALLIANCE FRANCAISE DE SINGAPOUR (the "Society") as set out on pages 5 to 33, which comprise the statement of financial position as at 31 December 2021, and the statements of comprehensive income, changes in funds and cash flows of the Society for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Society as at 31 December 2021 and of the financial performance, changes in funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

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

Responsibilities of the Council for the Financial Statements

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

In preparing the financial statements, the Council is responsible for assessing the Society'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 the Council either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities include overseeing the Society's financial reporting process.

Kwan Wong Tan & Hong

Independent Auditors' Report to the Council of Alliance Francaise de Singapour (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council'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 Society'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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council 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.

Kwan Wong Tan & Hong

Independent Auditors' Report to the Council of Alliance Francaise de Singapour (Continued)

Report on Other Legal and Regulatory Requirements

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



KWAN WONG TAN & HONG
Public Accountants and
Chartered Accountants

Singapore

24 MAY 2022

ALLIANCE FRANCAISE DE SINGAPOUR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(Currency – Singapore dollars)

	Note	2021 \$	2020 \$
Revenue	3	5,154,309	4,282,347
Other income	4	142,045	450,171
Purchase of books		(109,928)	(62,142)
Changes in inventories		22,669	(2,559)
Employee benefits expense	5	(3,292,177)	(3,003,808)
Depreciation	8	(377,376)	(359,852)
Other expenses	6	<u>(1,117,474)</u>	<u>(917,237)</u>
Surplus before tax		422,068	386,920
Income tax expense	7	<u>(10,081)</u>	<u>(6,151)</u>
Surplus for the year, representing total comprehensive income for the year		<u><u>411,987</u></u>	<u><u>380,769</u></u>

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

ALLIANCE FRANCAISE DE SINGAPOUR

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(Currency – Singapore dollars)

	Note	2021	2020
		\$	\$
Current assets			
Inventories	9	46,557	23,888
Trade receivables	10	156,261	68,045
Other receivables, deposits and prepayments	11	56,760	40,051
Cash and bank balances	12	<u>4,840,345</u>	<u>4,252,442</u>
Total current assets		<u>5,099,923</u>	<u>4,384,426</u>
Less: Current liabilities			
Tuition fees received in advance	3	583,263	561,425
Other payables and accruals	13	261,083	220,654
Trade payables		188,460	160,421
Provision for income tax		<u>7,000</u>	<u>5,700</u>
Total current liabilities		<u>1,039,806</u>	<u>948,200</u>
Net current assets		<u>4,060,117</u>	<u>3,436,226</u>
Non-current assets			
Property, plant and equipment	8	<u>8,629,723</u>	<u>8,841,627</u>
Net assets		<u>12,689,840</u>	<u>12,277,853</u>
Representing-			
Funds of the Society			
Unrestricted funds			
Accumulated fund		<u>12,689,840</u>	<u>12,277,853</u>

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

ALLIANCE FRANCAISE DE SINGAPOUR

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(Currency – Singapore dollars)

Accumulated fund	\$
2021	
At 1 January 2021	12,277,853
Surplus for the year, representing total comprehensive income	<u>411,987</u>
At 31 December 2021	<u><u>12,689,840</u></u>
2020	
At 1 January 2020	11,897,084
Surplus for the year, representing total comprehensive income	<u>380,769</u>
At 31 December 2020	<u><u>12,277,853</u></u>

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

ALLIANCE FRANCAISE DE SINGAPOUR

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(Currency – Singapore dollars)

	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year before tax	422,068	386,920
Adjustments for:		
Depreciation	377,376	359,852
Loss on disposal of fixed assets	1,711	-
Provision for stock obsolescence	3,249	-
Interest income from banks	(3,679)	(18,823)
	<u>800,725</u>	<u>727,949</u>
Operating surplus before working capital changes	800,725	727,949
(Increase)/Decrease in inventories	(25,918)	2,558
Increase in payables	90,305	106,054
(Increase)/Decrease in receivables	(104,925)	22,285
	<u>760,187</u>	<u>858,846</u>
Cash generated from operating activities	760,187	858,846
Income tax paid	(8,781)	(7,451)
	<u>751,406</u>	<u>851,395</u>
Net cash generated from operating activities	751,406	851,395
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal/(Placement) of fixed deposits	-	(490,223)
Interest received	3,801	18,823
Purchases of property, plant and equipment	(167,182)	(138,702)
	<u>(163,381)</u>	<u>(610,102)</u>
Net cash used in investing activities	(163,381)	(610,102)
Net increase in cash and cash equivalents	588,025	241,293
Cash and cash equivalents at the beginning of the year	<u>2,250,779</u>	<u>2,009,486</u>
Cash and cash equivalents at the end of the year (Note 12)	<u><u>2,838,804</u></u>	<u><u>2,250,779</u></u>

The accompanying notes form an integral part of these financial statements

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Currency – Singapore dollars)

1. GENERAL INFORMATION

Alliance Francaise de Singapour (“the Society”) is registered under the Societies Act, Chapter 311 (Society Registration No. S61SS0085C) and domiciled in Singapore. The Society’s registered office and principal place of business is at 1 Sarkies Road, Singapore 258130.

The principal activities of the Society are to operate an educational and cultural centre to promote the French culture and language.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRSs”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Society’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no critical accounting estimates and assumptions used that are significant to the financial statements and no areas involving a higher degree of judgement or complexity.

(b) Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current year, the Society has adopted all the revised standards that are effective for annual periods beginning on 1 January 2021.

Adoption of these revision of standards did not have any material effect on the financial performance or position of the Society.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore dollars (“presentation currency”), which is the Society’s functional currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the financial year end date are recognised in surplus or deficit.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment, if the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Depreciation of all assets is calculated on the straight-line method to write down the cost of the property, plant and equipment to their estimated residual values at the end of their estimated useful lives as follows:

Building	50 years
Renovation	3 to 10 years
Furniture, fittings and equipment	5 years

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment (continued)

The residual values, the cost of dismantlement, removal or restoration cost and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at each financial year end date.

Fully depreciated property, plant and equipment are retained in the accounts until they are no longer in use.

(e) Impairment of assets (non-financial assets)

Property, plant and equipment

The Society's assets of property, plant and equipment and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to surplus or deficit unless it reverses a previous revaluation that was credited to funds and reserves, in which case it is charged to funds and reserves.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Reversal of an impairment loss recognised in prior years is recorded when there is an indication that the impairment loss recognised for the asset no longer exists or has decreased. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment has been recognised. The reversal is recorded in the income and expenditure account.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments

(i) 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 Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income and expenditure account.

Trade receivables are measured at the amount of consideration to which the Society 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.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Society’s business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (“FVOCI”) and FVPL. The Society only has debt instruments at 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 or losses are recognised in the income and expenditure account when the assets are derecognised or impaired, and through the amortisation process.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

(i) Financial assets (continued)

Investments in equity investments

The Society does not have investments in equity instruments which are recognised and measured either at FVPL or FVOCI.

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 the income and expenditure account.

Impairment

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

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

For trade receivables, the Society applies a simplified approach in calculating ECLs. Therefore, the Society does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Society 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 which could affect debtors' ability to pay.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

(ii) Financial assets (continued)

Impairment

The Society considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Society may also consider a financial asset to be in default when internal or external information indicates that the Society is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Society. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society 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 FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income and expenditure account 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 the income and expenditure account.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Inventories

Inventories for resale are stated at the lower of cost and net realisable value.

Cost comprises purchases cost of stocks determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the cost of completion and selling expenses.

(h) Provisions

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

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.

(i) Leases

The Society 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.

a) As lessee

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

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leases (continued)

a) As lessee (continued)

Right-of-use assets

The Society 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 depreciation 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2(o).

Lease liabilities

The Society recognised its lease liabilities by discounting the lease payments using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

Short-term leases and leases of low-value assets

The Society applies the short-term lease recognition exemption to its short-term leases of machinery (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.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leases (continued)

b) As lessor

Leases in which the Society does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Society's properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(j) Revenue

Revenue is measured based on the consideration to which the Society 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 Society 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.

- (i) Tuition fees are recognised on a straight-line basis over the period of services rendered.
- (ii) Members' subscriptions are recognised on a straight-line basis over the period of entitlement to membership benefits and privileges.
- (iii) Revenue from the sale of books and audio and visual materials is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.
- (iv) Income from translation services is recognised when the services have been performed and accepted by customers.
- (v) Income from cultural and social activities is recognised upon completion of the events.
- (vi) Income from rental of premises is recognised on a straight-line basis over the period of the rental.
- (vii) Interest income is recognised using the effective interest method.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee benefits

(i) Retirement benefits

The Society makes contribution to the Central Provident Fund (“CPF”) Scheme in Singapore, a defined contribution retirement scheme. Obligations for contributions to defined contribution retirement plan are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

(l) Income tax

The Society is exempted from income tax on general income with the exception of certain income like rental and interest under Section 11(1) of the Income Tax Act, if 50% or more of its income is received from members.

Income tax expense represents the sum of the current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the financial year end date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the financial year end date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that is probable that future taxable profit will be available against which the temporary differences can be utilised.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents comprises cash on hand and at banks.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

(o) Impairment of assets (non-financial assets)

The Society's assets of property, plant and equipment, intangible assets and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognised whenever the carrying amount of assets exceeds its recoverable amount. The impairment loss is charged to income and expenditure account unless it reverses a previous revaluation that was credited to reserves in which case it is charged to reserves.

The recoverable amount is the higher of the assets' net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or if it is not possible, for the cash-generating unit to which the asset belongs.

Reversal of an impairment loss recognised in prior years is recorded when there is an indication that the impairment loss recognised for the asset no longer exists or has decreased. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment has been recognised. The reversal is recorded in the income and expenditure account.

(p) Intangible assets

Intangible assets include computer software development costs. Costs incurred which are expected to generate future economic benefits are recognised as intangibles. They are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated on a straight-line method to allocate the cost of assets over their estimated useful lives of 5 years.

ALLIANCE FRANCAISE DE SINGAPOUR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

3. REVENUE

a) Revenue for the financial period

	2021	2020
	\$	\$
Tuition fee income	4,257,078	3,659,733
Sales of books, audio and visual materials	126,949	97,799
Examination income	147,111	111,619
Members' subscription	138,464	137,665
Cultural income	236,409	62,928
Translation income	61,195	57,854
Rental income	141,967	122,113
Car park income	45,136	32,636
	<u>5,154,309</u>	<u>4,282,347</u>
Revenue recognised over time	4,395,542	3,797,398
Revenue recognised at a point in time	710,877	423,999
Leasing income	<u>47,890</u>	<u>60,950</u>
	<u>5,154,309</u>	<u>4,282,347</u>

b) Contract liabilities

(i) As at 31 December

	2021	2020
	\$	\$
- Tuition fees received in advance	583,263	561,425
- Members' subscriptions deferred	<u>62,002</u>	<u>67,047</u>
	<u>645,265</u>	<u>628,472</u>

(ii) Unsatisfied performance obligations

The remaining performance obligations for tuition fees received in advance and members' subscription are either expected to be satisfied in less than one year or based on time incurred.

ALLIANCE FRANCAISE DE SINGAPOUR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

4. OTHER INCOME

	2021	2020
	\$	\$
Government grant	85,116	390,059
Interest income	3,679	18,823
Miscellaneous income	53,250	41,289
	<u>142,045</u>	<u>450,171</u>

5. EMPLOYEE BENEFITS EXPENSE

	2021	2020
	\$	\$
Staff costs	3,059,670	2,820,708
Contributions to Central Provident Fund	194,464	153,401
Medical expense	11,583	9,814
Staff training	403	2,125
Staff welfare	26,057	17,760
	<u>3,292,177</u>	<u>3,003,808</u>

The key management personnel of the Society are the Council members of the Society. They do not receive any compensation from the Society.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. OTHER EXPENSES

	2021	2020
	\$	\$
Teaching expenses	2,662	1,858
Cultural expenses	92,373	34,181
Gallery expenses	94,717	12,903
Rental of equipment	34,523	43,737
Communications	86,290	75,342
Marketing	10,613	13,108
Commission	170,695	149,264
Entertainment	8,022	6,495
Insurance	31,576	27,623
Library expenses	11,119	10,138
Other professional fees	10,410	40,510
Auditors' remuneration	17,200	7,600
Printing and stationery	12,277	13,542
Property tax	111,400	111,400
Grant expense	-	10,880
Repairs and maintenance	230,451	198,091
Security service	77,490	64,490
Subscriptions	19,900	21,278
Telephone and postages	14,455	9,350
Travelling expenses	3,904	1,996
Utilities	67,158	58,391
Bank charges	5,796	2,973
Loss on foreign exchange	-	172
Loss on disposal of fixed assets	1,711	-
Miscellaneous expenses	2,732	1,915
	<u>1,117,474</u>	<u>917,237</u>

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. INCOME TAX

	2021	2020
	\$	\$
Current year	7,000	5,700
Prior year's under-provision	<u>3,081</u>	<u>451</u>
	<u>10,081</u>	<u>6,151</u>

The reconciliation of the income tax and the product of surplus before income tax multiplied by the applicable rate is as follows:

	2021	2020
	\$	\$
Surplus before income tax	<u>422,068</u>	<u>386,920</u>
Tax at the statutory rate of 17%	71,752	65,776
Non-taxable income	(57,228)	(53,576)
Tax exemption	(7,524)	(6,500)
Underprovision of income tax in prior year	<u>3,081</u>	<u>451</u>
	<u>10,081</u>	<u>6,151</u>

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. PROPERTY, PLANT AND EQUIPMENT

	Building \$	Freehold land \$	Furniture, fittings and equipment \$	Computers \$	Renovation \$	Intangible \$	Total \$
2021							
Cost							
At beginning of year	8,917,004	3,371,790	1,208,415	409,177	2,157,310	89,696	16,153,392
Additions	-	-	50,104	5,505	111,573	-	167,182
Disposals	-	-	(161,184)	(364,152)	(354,338)	-	(879,674)
At end of year	8,917,004	3,371,790	1,097,335	50,530	1,914,545	89,696	15,440,900
Accumulated depreciation							
At beginning of year	4,480,646	-	1,040,561	394,898	1,377,506	18,154	7,311,765
Depreciation	178,047	-	64,889	10,071	106,429	17,940	377,376
Disposals	-	-	(159,473)	(364,152)	(354,339)	-	(877,964)
At end of year	4,658,693	-	945,977	40,817	1,129,596	36,094	6,811,177
Carrying amount							
At end of year	4,258,311	3,371,790	151,358	9,713	784,949	53,602	8,629,723

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Building \$	Freehold land \$	Furniture, fittings and equipment \$	Computers \$	Renovation \$	Intangible \$	Total \$
2020							
Cost							
At beginning of year	8,917,004	3,371,790	1,144,691	402,499	2,134,350	44,356	16,014,690
Additions	-	-	63,724	6,678	22,960	45,340	138,702
At end of year	8,917,004	3,371,790	1,208,415	409,177	2,157,310	89,696	16,153,392
Accumulated depreciation							
At beginning of year	4,302,525	-	980,921	385,303	1,279,997	3,167	6,951,913
Depreciation	178,121	-	59,640	9,595	97,509	14,987	359,852
At end of year	4,480,646	-	1,040,561	394,898	1,377,506	18,154	7,311,765
Carrying amount							
At end of year	4,436,358	3,371,790	167,854	14,279	779,804	71,542	8,841,627

The freehold land which the building sits on is held in trust by President Emeritus and his daughter.

ALLIANCE FRANCAISE DE SINGAPOUR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

9. INVENTORIES

	2021	2020
	\$	\$
Inventories for resale	49,806	23,888
Less: allowance for stock obsolescence	<u>(3,249)</u>	<u>-</u>
	<u><u>46,557</u></u>	<u><u>23,888</u></u>

10. TRADE RECEIVABLES

	2021	2020
	\$	\$
Trade receivables	157,751	69,535
Less: allowance for impairment	<u>(1,490)</u>	<u>(1,490)</u>
	<u><u>156,261</u></u>	<u><u>68,045</u></u>

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	\$	\$
Deposits	26,725	6,734
Advance to Staff	125	2,800
Prepayments	<u>29,910</u>	<u>30,517</u>
	<u><u>56,760</u></u>	<u><u>40,051</u></u>

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. CASH AND CASH EQUIVALENTS

	2021 \$	2020 \$
Cash at banks	2,836,804	2,248,779
Cash on hand	<u>2,000</u>	<u>2,000</u>
Cash and cash equivalents per Statement of Cash Flows	2,838,804	2,250,779
Fixed deposits (current)	<u>2,001,541</u>	<u>2,001,663</u>
Cash and bank balances	<u><u>4,840,345</u></u>	<u><u>4,252,442</u></u>

The fixed deposits placed with a financial institution have an average maturity of 2 months (2020: 2 months) from the financial year end. The average effective interest rate is 0.18% (2020: 0.94%) per annum.

13. OTHER PAYABLES AND ACCRUALS

	2021 \$	2020 \$
Accruals	179,618	89,560
Deferred income – Members’ subscriptions (Note 3)	62,002	67,047
Staff personal tax withheld	-	291
Sundry payables	<u>19,463</u>	<u>63,756</u>
	<u><u>261,083</u></u>	<u><u>220,654</u></u>

14. OPERATING LEASE COMMITMENTS

As a lessee

The Society has certain leases of office equipment with low value. The Society applies the ‘lease of low-value assets’ recognition exemptions for these leases.

Expense relating to leases of low-value assets (included in other expenses) recognised in surplus for the year amounted to \$ 34,523 (2020 - \$43,737).

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2021 \$	2020 \$
Within one year	19,613	23,328
Within two to five years	<u>27,309</u>	<u>41,625</u>
	<u><u>46,922</u></u>	<u><u>64,953</u></u>

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. OPERATING LEASE COMMITMENTS (Continued)

As a lessor

The Society has entered into operating leases on its building (see Note 8). These leases have terms of 2 years. The lessee is generally required to provide a security deposit on the properties.

Rental income recognised by the Society during the year is \$42,600 (2020: \$50,070) Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2021	2020
	\$	\$
Within one year	<u>28,400</u>	<u>52,200</u>

15. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Society does not have written risk management policies and guidelines which set out its tolerance for risk and its general risk management philosophy but management may use natural hedges or closely monitor the Society's business risk exposures in connection with its financial assets and liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures of losses.

It is the Society's policy not to trade in derivatives.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society. For trade receivables, the Society adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Society adopts the policy of dealing only with high credit quality counterparties. The counterparty's payment profile and credit exposure are continuously monitored by management.

As the Society does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Cash and bank balances are placed with reputable local financial institutions.

Therefore, credit risk arises mainly from the inability of debtors to make payments when due.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Impairment of financial assets

i) Bank deposits -

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. The Society reassured the impairment loss allowance of bank deposits using 12 months estimated credit loss (“ECL”) and determined that the ECL is insignificant.

ii) Trade receivables -

The Society has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables from customers.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Society considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data and factors specific to the debtors’ ability to pay.

Financial assets that are past and/or impaired

The aging analysis of trade receivables is as follows:

	2021	2020
	\$	\$
Past due < 90 days	101,280	31,861
Past due 90 to 180 days	1,187	3,092
Past due > 180 days	15,857	15,423
Debts individually determined to be impaired	1,490	1,490
	<u>119,814</u>	<u>51,866</u>

The management determines the expected credit loss (“ECL”) rates for debts past due less than 180 days is low and ECL for debts above 180 days is insignificant. Full allowance are made for debts individually determined to be impaired.

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Financial assets that are past and/or impaired (continued)

Movements of allowance for impairment are as follows:

	2021	2020
	\$	\$
Beginning and end of the year	<u>1,490</u>	<u>1,490</u>

Liquidity risk

The Society monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Society's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Society ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The financial liabilities of the Society as at 31 December 2021 and 2020 are repayable on demand or due within 1 year from the financial year end.

Market risk

(i) Interest rate risk

The Society's policy is to obtain the most favourable interest rate available without increasing its interest rate risk exposure. The Society constantly monitors its interest rate risk and do not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 December 2021 and 2020, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Interest on financial instruments is at fixed rate until the maturity of the instruments.

Interest risk sensitivity

The Society has no exposure to interest risk because its financial instruments are at fixed rate.

(ii) Foreign exchange risk

The Society has transactional currency exposures arising from transactions that are denominated in a currency other than the Singapore dollar ("SGD"), primarily Euro ("EUR"). The Society holds cash deposits denominated in foreign currency for working capital purposes.

ALLIANCE FRANCAISE DE SINGAPOUR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

15. FINANCIAL RISK MANAGEMENT (Continued)

Market risk (continued)

(ii) Foreign exchange risk (continued)

Financial assets/liabilities classification and their foreign currency exposure -

	SGD	EUR	Total
	\$	\$	\$
2021			
<u>Financial assets at amortised cost</u>			
Fixed deposit	2,001,541	-	2,001,541
Cash and bank balances	2,805,783	33,021	2,838,804
Trade receivables	156,261	-	156,261
Other receivables and deposit	26,850	-	26,850
	<hr/> 4,990,435	<hr/> 33,021	<hr/> 5,023,456
<u>Financial liabilities at amortised cost</u>			
Trade payables	184,204	4,256	188,460
Other payables and accruals	199,081	-	199,081
	<hr/> 383,285	<hr/> 4,256	<hr/> 387,541
Net financial assets	4,607,150	28,765	4,635,915
Less: Net financial assets denominated in functional currency	<hr/> 4,607,150	<hr/> -	<hr/> 4,607,150
Foreign currency exposure	<hr/> -	<hr/> 28,765	<hr/> 28,765

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL RISK MANAGEMENT (Continued)

Market risk (continued)

(ii) Foreign exchange risk (continued)

	SGD \$	EUR \$	Total \$
2020			
<u>Financial assets at amortised cost</u>			
Fixed deposit	2,001,663	-	2,001,663
Cash and bank balances	2,217,758	33,021	2,250,779
Trade receivables	68,045	-	68,045
Other receivables and deposit	9,534	-	9,534
	4,297,000	33,021	4,330,021
<u>Financial liabilities at amortised cost</u>			
Trade payables	160,421	-	160,421
Other payables and accruals	153,607	-	153,607
	314,028	-	314,028
Net financial assets	3,982,972	33,021	4,015,993
Less: Net financial assets denominated in functional currency	3,982,972	-	3,982,972
Foreign currency exposure	-	33,021	33,021

Foreign exchange risk sensitivity

The sensitivity analysis for foreign exchange risk is not disclosed as the effect on surplus after tax is not considered significant.

(iii) Equity price risk

The Society has no exposure to price risk.

The Society's objectives when managing capital are to safeguard the Society's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The Society is not subject to externally imposed capital requirements.

ALLIANCE FRANCAISE DE SINGAPOUR

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL RISK MANAGEMENT (Continued)

Market risk (continued)

Financial instruments by category

The carrying amount of the different categories of financial instruments as at 31 December 2021 is as follows:

	2021 \$	2020 \$
Financial assets at amortised cost	<u>5,023,456</u>	<u>4,330,021</u>
Financial liabilities at amortised cost	<u>387,541</u>	<u>314,028</u>

Fair value of financial instruments that are measured at fair value

The Society has no financial assets or liabilities measured at fair value in 2021 and 2020.

Fair value of other financial instruments

The carrying amounts of cash and bank balances, trade and other receivables and other payables are reasonable approximation of fair value due to their short term nature.

16. NEW ACCOUNTING STANDARDS, AMENDMENTS AND FRS INTERPRETATIONS

Certain new Singapore Financial Reporting Standards (“FRSs”) and amendments to FRSs have been published as at financial year end date but are not yet effective.

The Company will adopt the relevant new FRSs and amendments to FRSs on or after 1 January 2022, the beginning of next financial year. Based on the Company’s assessment, the implementation of those FRSs is not expected to have any material impact on the Company’s financial statements.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Council and authorised for issue on 24 May 2022.