

CANADIAN EDUCATION COLLEGE PTE. LTD.

Company Registration No. 200309720D

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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CANADIAN EDUCATION COLLEGE PTE. LTD.

DIRECTORS' REPORT

The directors present their report to the members together with the unaudited financial statements of Canadian Education College Pte. Ltd. ("the Company") for the year ended 31 December 2011.

1. **DIRECTORS**

The directors in office at the date of this report are:-

Daniel Brent Grayston
Sheryl Tian Xin
Cao Lin

2. **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Neither at the end of the financial year nor at any time during that year did there subsist any arrangements to which the Company was a party whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3. **DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

According to the register kept under Section 164 of the Singapore Companies Act, Chapter 50, the following directors of the Company who held office at the end of the financial year had an interest in the shares of the Company as stated below:-

	Number of shares	
	As at 01.01.2011	As at 31.12.2011
Daniel Brent Grayston	16,660	16,660
Sheryl Tian Xin	16,670	16,670
Cao Lin	16,670	16,670

4. **DIRECTORS' CONTRACTUAL BENEFITS**

Since the beginning of the financial year, no director has received or has become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, Chapter 50 by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for directors' remuneration as disclosed in the unaudited financial statements.

5. **OPTIONS GRANTED**

During the financial year, no option was granted to take up unissued shares of the Company.

6. **OPTIONS EXERCISED**

During the financial year, there was no share issued by virtue of the exercise of an option granted to take up unissued shares of the Company.

7. **UNISSUED SHARES UNDER OPTION**

At the end of the financial year, there was no unissued share of the Company under option.


8. **Exemption from audit**

The directors are of the opinion that the Company is entitled to exemption from audit under Section 205C (1) of the Singapore Companies Act, Chapter 50 for the financial year ended 31 December 2011.

The directors confirm that the Company has not received any request for an audit under Section 205C (3) of the Singapore Companies Act, Chapter 50.



.....
Cao Lin
Director



.....
Sheryl Tian Xin
Director

Singapore, 11 June 2012

CANADIAN EDUCATION COLLEGE PTE. LTD.

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying unaudited statement of financial position, unaudited statement of comprehensive income, unaudited statement of changes in equity and unaudited statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Company for the year then ended and 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.



.....
Cao Lin
Director



.....
Sheryl Tian Xin
Director

Singapore, 11 June 2012

CANADIAN EDUCATION COLLEGE PTE. LTD.

UNAUDITED STATEMENT OF FINANCIAL POSITION
as at 31 DECEMBER 2011

	Note	2011 \$	2010 \$
ASSETS AND LIABILITIES			
Non-Current Asset			
Plant and equipment	3	22,654	20,280
Current Assets			
Trade receivables	4	102,116	102,116
Other receivables		169,979	169,979
Deposits and prepayments	5	75,292	40,925
Amounts due from directors	6	-	8,700
Amount due to a related party	7	267,151	-
Cash and bank balances		211,306	227,616
		825,844	549,336
Less			
Current Liabilities			
Other payables and accrued expenses	8	324,977	213,125
Amounts due to directors	6	111,300	-
Provision for taxation		10,053	18,223
		446,330	231,348
Net Current Assets		379,514	317,988
		402,168	338,268
EQUITY			
Share capital	9	50,000	50,000
Retained profits		352,168	288,268
		402,168	338,268

The annexed notes form an integral part of and should be read in conjunction with these unaudited financial statements.

CANADIAN EDUCATION COLLEGE PTE. LTD.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2011**

	Note	2011 \$	2010 \$
Revenue	10	907,056	965,720
Cost of sales		<u>(30,095)</u>	<u>(55,344)</u>
		876,961	910,376
Other income		264,667	31,476
Depreciation expense	3	(24,215)	(15,923)
Staff costs	11	(641,969)	(499,542)
Other expenses		<u>(406,944)</u>	<u>(319,376)</u>
Profit before taxation	12	68,500	107,011
Taxation	13	<u>(4,600)</u>	<u>(8,073)</u>
Profit for the year		<u><u>63,900</u></u>	<u><u>98,938</u></u>
Total comprehensive income for the year		<u><u>63,900</u></u>	<u><u>98,938</u></u>

The annexed notes form an integral part of and should be read in conjunction with these unaudited financial statements.

CANADIAN EDUCATION COLLEGE PTE. LTD.

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2011**

	Share Capital \$	Retained Profits \$	Total \$
At 1 January 2010	50,000	382,382	432,382
Dividends	-	(193,052)	(193,052)
Total comprehensive income for the year	-	98,938	98,938
At 31 December 2010	<u>50,000</u>	<u>288,268</u>	<u>338,268</u>
Total comprehensive income for the year	-	63,900	63,900
At 31 December 2011	<u><u>50,000</u></u>	<u><u>352,168</u></u>	<u><u>402,168</u></u>

The annexed notes form an integral part of and should be read in conjunction with these unaudited financial statements.

CANADIAN EDUCATION COLLEGE PTE. LTD.

**UNAUDITED STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2011**

	2011	2010
	\$	\$
Cash flows from operating activities :-		
Profit before taxation	68,500	107,011
Adjustments for:-		
Depreciation of plant and equipment	24,215	15,923
Operating profit before working capital changes	92,715	122,934
Increase in other receivables and deposits	(34,367)	(9,775)
Increase in amount due by a related company	(267,151)	-
Increase in other payables	111,852	147,086
	<u>(189,666)</u>	<u>137,311</u>
Cash (used in)/generated from operation	(96,951)	260,245
Income tax paid	(12,770)	(3,043)
Net cash (used in)/generated from operating activities	(109,721)	257,202
Cash flows from investing activity:-		
Purchases of plant and equipment	(26,589)	(18,864)
Cash flows from financing activities:-		
Dividend paid	-	(193,052)
Decrease/(Increase) in amount due from directors	8,700	(8,700)
Increase in amounts due to directors	111,300	-
Net cash generated from/(used in) financing activities	<u>120,000</u>	<u>(201,752)</u>
Net (decrease)/increase in cash and cash equivalents	(16,310)	36,586
Cash and cash equivalents at 1 January	227,616	191,030
Cash and cash equivalents at 31 December	<u>211,306</u>	<u>227,616</u>

Note: Cash and cash equivalents comprise cash and bank balances.

The annexed notes form an integral part of and should be read in conjunction with these unaudited financial statements.

CANADIAN EDUCATION COLLEGE PTE. LTD.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

1. Corporate information

The Company is a limited liability company which is incorporated and domiciled in the Republic of Singapore with the registered office and principal place of business at 1 Coleman Street, The Adelphi, #05-12, Singapore 179803.

The principal activities of the Company are those of providing technical, vocational and commercial education. There have been no significant changes in the nature of the business activities during the financial year.

The financial statements were authorised for issue in accordance with a resolution of the directors on 11 June 2012.

2. Summary of significant accounting policies

a) Basis of preparation

The unaudited financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The unaudited financial statements, which are presented in Singapore dollars, have been prepared on historical cost basis except otherwise where indicated in the accounting policies set out below.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year.

The preparation of unaudited financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited financial statements and the reported amounts of profit or loss during the financial year. Although these estimates are based on the Company's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited financial statements are disclosed in Note 2 (o).

In the current financial year, the Company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised FRS has no material effect on the unaudited financial statements.

2. **Summary of significant accounting policies (cont'd)**

a) **Basis of preparation (cont'd)**

The Company has not applied the following new/revised FRS or interpretations that have been issued as of the reporting date but are not yet effective:

<u>Descriptions</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 101: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
Amendments to FRS 107: Disclosures – Transfer of Financial Assets	1 July 2011
Amendments to FRS 12: Deferred Tax – Recovery of Underlying Assets	1 January 2012
Amendments to FRS 1: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 19: Employee Benefits	1 January 2013
Amendments to FRS 27: Separate Financial Statements	1 January 2013
Amendments to FRS 28: Investments in Associates & Joint Ventures	1 January 2013
FRS 110: Consolidated Financial Statements	1 January 2013
FRS 111: Joint Arrangements	1 January 2013
FRS 112: Disclosure of Interests in Other Entities	1 January 2013
FRS 113: Fair Value Measurements	1 January 2013

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

b) **Functional currency**

Items included in the unaudited financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Company (the “functional currency”). The unaudited financial statements are presented in Singapore dollars, which is the functional currency of the Company.

c) **Financial assets**

Financial assets within the scope of FRS 39 are classified as either loans and receivables, financial assets at fair value through profit or loss, available-for-sale financial assets, or held-to-maturity investments as appropriate. Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

2. **Summary of significant accounting policies (cont'd)**

c) **Financial assets (cont'd)**

A financial asset is derecognised when 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 has been recognised in other comprehensive income is recognised in profit or loss.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

d) **Impairment of financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

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

e) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Gain and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

f) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) where, as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Course fee income is recognised over the period of the course.

h) Income tax

Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised, using the balance sheet method, providing for all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised for the initial recognition of assets or liabilities affect neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

2. **Summary of significant accounting policies (cont'd)**

h) Income tax (cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and highly liquid investments which are readily convertible to cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts which are repayable on demand and which form an integral part of the Company's cash management. Restricted deposits are excluded from cash and cash equivalents.

j) Share capital

Ordinary shares issued by the Company are classified as equity and recorded at the proceeds received, net of direct issue costs.

k) Plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset and 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 asset if the obligation for dismantlement, removal or restoration costs is incurred as a consequence of acquiring or using the asset. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to profit or loss. The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation of plant and equipment is calculated on the straight-line basis to write off the cost less residual value of the assets over their estimated useful lives as follows:

Office equipment	3 years
Furniture and fittings	3 years
Renovation	3 years
Computers	1 year

2. **Summary of significant accounting policies (cont'd)**

k) **Plant and equipment (cont'd)**

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each financial year-end.

An item of 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.

l) **Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised. Reversal of impairment loss is recorded in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

m) **Employee benefits**

Define contribution plans

As required by law, the Company makes contributions to the state pension scheme, the Central Provident Fund (CPF) Scheme which is a defined contribution pension scheme. Contributions to CPF are recognised as expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

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

n) Leases

When the Company is the lessee:

(i) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

o) Significant accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i) Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below.

Useful lives of plant and equipment

The cost of plant and equipment are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these plant and equipment to be within 1 to 3 years. The carrying amount of the Company's plant and equipment as at 31 December 2011 is disclosed in Note 3 to the unaudited financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore future depreciation charges could be revised and impacts the profit in future years.

Impairment of plant and equipment

The Company follows the guidance of FRS 36 – Impairment of Assets. In determining when a non-financial asset is impaired in respect of its plant and equipment. This assessment requires significant judgement. The Company evaluates, among other factors, the duration and extent to which fair value of the asset is less than its cost, and the financial health of and near-term business outlook of the asset, including factors such as industry, sector performance and operational and financing cash flow.

The carrying amounts of plant and equipment are disclosed in Note 3 to the unaudited financial statements.

2. **Summary of significant accounting policies (cont'd)**

o) **Significant accounting estimates and judgements (cont'd)**

i) **Key sources of estimation uncertainty (cont'd)**

Income tax

Significant judgement is involved in determining the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Allowance for doubtful receivables

The policy for allowances for bad and doubtful debts of the Company is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Company were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required.

The carrying amount of trade receivables is disclosed in Note 4 to the unaudited financial statements.

ii) **Critical judgements made in applying accounting policies**

In the process of applying the accounting policies, management has made the following judgement which has significant effects on the amounts recognised in the unaudited financial statements:-

Determination of functional currency

In determining the functional currency, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the entity operates and the entity's process of determining sales prices.

p) **Government grant**

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

Jobs Credit Scheme

Cash grants received from the government are recognised as income upon receipt or the grant will be received.

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

q) Related parties

A related party is defined as follows:

(aa) A person or a close member of that person's family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(bb) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefits plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (aa);
- (vii) A person identified in (aa) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Plant and equipment

	Office equipment \$	Renovation \$	Furniture and fittings \$	Computers \$	Total \$
Cost					
At 1 January 2010	5,683	18,680	2,268	7,171	33,802
Additions	118	14,853	2,495	1,398	18,864
At 31 December 2010	<u>5,801</u>	<u>33,533</u>	<u>4,763</u>	<u>8,569</u>	<u>52,666</u>
Additions	-	15,400	9,850	1,339	26,589
At 31 December 2011	<u>5,801</u>	<u>48,933</u>	<u>14,613</u>	<u>9,908</u>	<u>79,255</u>
Accumulated Depreciation					
At 1 January 2010	1,894	6,227	1,172	7,170	16,463
Charge for the year	1,934	11,178	1,413	1,398	15,923
At 31 December 2010	<u>3,828</u>	<u>17,405</u>	<u>2,585</u>	<u>8,568</u>	<u>32,386</u>
Charge for the year	1,934	16,311	4,630	1,340	24,215
At 31 December 2011	<u>5,762</u>	<u>33,716</u>	<u>7,215</u>	<u>9,908</u>	<u>56,601</u>
Net Book Value					
At 31 December 2010	<u>1,973</u>	<u>16,128</u>	<u>2,178</u>	<u>1</u>	<u>20,280</u>
At 31 December 2011	<u>39</u>	<u>15,217</u>	<u>7,398</u>	<u>-</u>	<u>22,654</u>

4. Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days (2010: 30 days) terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

	2011 \$	2010 \$
Past due but not impaired	<u>102,116</u>	<u>102,116</u>

Trade receivables that are past due but not impaired

Trade receivables which are past due but not impaired are unsecured and the analysis of their aging at the reporting date is as follows:-

	2011 \$	2010 \$
More than 90 days	<u>102,116</u>	<u>102,116</u>

5. **Deposits and prepayments**

	2011	2010
	\$	\$
Deposits	72,742	39,200
Prepayments	2,550	1,725
	<u>75,292</u>	<u>40,925</u>

6. **Amounts from from/(to) directors**

The amounts due from/(to) directors are non-trade, unsecured, interest-free and recoverable/repayable on demand.

7. **Amount due by a related party**

The amount due by a related party is non-trade, unsecured, interest-free and recoverable on demand.

8. **Other payables and accruals**

	2011	2010
	\$	\$
Other payables	62,239	58,039
Deposit received	-	22,186
Income received in advance	96,028	-
Accrued operating expenses	166,710	132,900
	<u>324,977</u>	<u>213,125</u>

9. **Share capital**

	2011	2010
	\$	\$
Issued and fully paid:- 50,000 (2010: 50,000) ordinary shares	<u>50,000</u>	<u>50,000</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

10. **Revenue**

This represents course fee received.

11. Staff costs

	2011	2010
	\$	\$
Employees - CPF, SDL and FWL	28,018	22,923
Salaries	346,676	301,979
Directors - Salaries and CPF	267,275	174,640
	<u>641,969</u>	<u>499,542</u>

12. Profit before taxation

	2011	2010
	\$	\$
This is determined after charging/(crediting) the following:-		
Office rental	133,464	122,141
Bank overdraft interest	-	30
Management fee received	<u>(264,667)</u>	<u>-</u>

13. Taxation

	2011	2010
	\$	\$
Current taxation	<u>4,600</u>	<u>8,073</u>

A numerical reconciliation between the accounting profit and tax expense is as follows: -

	2011	2010
	\$	\$
Accounting profit	<u>68,500</u>	<u>107,011</u>
Tax at the applicable tax rate of 17%	11,645	18,192
Tax effect of :-		
Expenses not deductible for tax purposes	4,117	2,872
Income not subject to tax	-	(123)
Productivity Innovative Incentives	(554)	(554)
Tax exemption	(5,427)	(8,922)
Utilisation of capital allowances	(5,203)	(3,392)
Others	22	-
Tax expense	<u>4,600</u>	<u>8,073</u>

14. **Related party transactions**

In addition to information disclosed elsewhere in the financial statements, transactions with related parties on commercial terms agreed between the parties as follow:-

	2011 \$	2010 \$
Management fee from a company which a shareholders has an interest	<u>264,667</u>	<u>-</u>

Compensation of key management personnel

Key management personnel comprise directors of the Company and their remuneration is disclosed as follow:

	2011 \$	2010 \$
Directors' fee	185,242	120,000
Directors' salaries and CPF contributions	<u>267,275</u>	<u>174,640</u>
	<u>452,517</u>	<u>294,640</u>

15. **Financial instruments**

Risk Management

The main risks arising from the Company's financial instruments are credit risk, interest rate risk and liquidity risk. The Company does not have significant exposure to foreign currency exchange risk. The management monitors and controls its main risks in the following manner:-

Credit Risk

Financial instruments contain an element of credit risk in that the counterparties may be unable to meet their obligations.

- (a) **Financial Credit Risk**
Surplus cash and cash equivalents are placed with established financial institutions.
- (b) **Commercial Credit Risk**
The management minimises this risk by the application of credit approvals and limits and monitoring procedures over repayment terms of its counterparties.

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

Exposure to credit risk

The Company has no significant concentrations of credit risk. At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the statement of financial position.

15. **Financial instruments (cont'd)**

Interest Rate Risk

Interest rate risk relates primarily to the risk that the value of financial instruments will fluctuate as a result of changes to market interest rates. Surplus cash and cash equivalents are placed with established financial institutions and earn interests at market rates related to the sums deposited.

The Company's exposure to interest rate risk is not significant.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company manages liquidity risk by maintaining sufficient cash to meet normal operating commitments with the financial support of the directors and shareholders.

All other payables are due within one year.

Fair Value

The carrying amounts of the financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

16. **Capital management**

The primary objective of the Company's capital management is 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 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 adjusts the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2011 and 31 December 2010.

The Company will continue to be guided by prudent financial policies of which gearing is an important aspect. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2011 \$	2010 \$
Net debt	224,971	(14,491)
Total equity	402,168	338,268
Total capital	<u>627,139</u>	<u>323,777</u>
Gearing ratio	<u>0.36</u>	<u>NA</u>

CANADIAN EDUCATION COLLEGE PTE. LTD.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2011**

	2011	2010
	\$	\$
School fee	907,056	965,720
Less: Cost of sales	<u>(30,095)</u>	<u>(55,344)</u>
Gross profit	876,961	910,376
Other income	<u>264,667</u>	<u>31,476</u>
	1,141,628	941,852
Less		
Operating expenses :-		
Advertisement	36,526	32,607
Annual fee	-	3,210
Bank charges	257	131
Bank overdraft interest	-	30
Cleaning fee	2,918	4,078
Commission	1,034	-
Computer website	328	2,666
CPF, SDL & FWL	28,018	22,923
Courier services	59	50
Depreciation of plant and equipment	24,215	15,923
Directors' fee	185,242	120,000
Directors' remuneration	267,275	174,640
Donation	2,000	-
Drinking water	1,086	91
Entertainment & refreshment	2,604	3,532
General expenses	9,752	3,770
Insurance	5,268	4,175
Legal and professional fees	4,256	1,227
Licence fee	427	-
Newspaper and magazines	-	38
Office rental	133,464	122,141
Penalty and late interest	-	65
Printing and stationery	6,140	4,812
Rental of office equipment	1,087	1,087
Repair and maintenance	955	1,561
Postages	38	87
Salary	346,676	301,979
Secretarial and accountancy fee	6,050	5,493

CANADIAN EDUCATION COLLEGE PTE. LTD.

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2011 - *Cont'd*

	2011	2010
	\$	\$
Telephone	3,434	4,049
Training expenses	-	2,896
Transport	440	368
Travelling expenses	1,460	-
Utilities	2,119	1,212
	<u>1,073,128</u>	<u>834,841</u>
Profit before taxation	<u><u>68,500</u></u>	<u><u>107,011</u></u>

This schedule does not form part of the unaudited financial statements.