

UWC Thailand International School

Financial Statements for the year ended

July 31, 2021

and

Independent Auditor's Report

Independent Auditor's Report

To the School board of UWC Thailand International School

Opinion

I have audited the accompanying financial statements of UWC Thailand International School (the School) which comprise the statement of financial position as at July 31, 2021, the related statement of revenues and expenses and statement of changes in owner's equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the financial position of the School as at July 31, 2021, and result of its revenues and expenses for the year then ended, in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibility under those standards is further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the School in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibility in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the School'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 School or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 School'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 School's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention

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in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the School 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.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



(Prinya Suksai)

Certified Public Accountant No.3807

Thana-ake Advisory Limited.

Bangkok,

September 20, 2021

UWC Thailand International School

Statement of Financial Position

As at July 31, 2021

Assets	In Baht		
	Notes	2021	2020
Current assets			
Cash and cash equivalents	4	69,933,970.91	8,879,314.49
School fee and other accounts receivable	5	10,372,777.27	10,971,090.46
Inventories		13,180,875.40	12,477,476.43
Total current assets		<u>93,487,623.58</u>	<u>32,327,881.38</u>
Non-current assets			
Land improvement, building and equipment	6	283,220,558.30	28,255,209.51
Software license	7	330,102.46	510,827.55
Deposit		453,600.00	77,100.00
Total non-current assets		<u>284,004,260.76</u>	<u>28,843,137.06</u>
Total assets		<u><u>377,491,884.34</u></u>	<u><u>61,171,018.44</u></u>

The accompanying notes are an integral part of the financial statements

UWC Thailand International School

Statement of Financial Position

As at July 31, 2021

Liabilities and owner's equity	In Baht		
	Notes	2021	2020
Current liabilities			
Accounts payable	8	13,199,036.03	11,436,530.34
Short-term loan from related parties	9	20,000,000.00	-
Income received in advance		65,306,065.70	34,939,694.09
Other current liabilities		1,623,069.13	1,066,985.42
Total current liabilities		100,128,170.86	47,443,209.85
Non-current liabilities			
Deposit received from students		25,940,311.13	26,420,169.03
Provisions for employment benefits	10	26,633,999.04	10,395,653.92
Total non-current liabilities		52,574,310.17	36,815,822.95
Total liabilities		152,702,481.03	84,259,032.80
Owner's equity			
Initial capital		92,767,292.68	92,767,292.68
Earnings (Deficit)		132,022,110.63	(115,855,307.04)
Total owner's equity (capital deficit)		224,789,403.31	(23,088,014.36)
Total liabilities and owner's equity		377,491,884.34	61,171,018.44

The accompanying notes are an integral part of the financial statements

UWC Thailand International School
Statement of Revenues and Expenses
For the year ended July 31, 2021

In Baht

	Notes	2021	2020
Revenues			
School fees		200,739,536.50	245,294,667.55
Boarding fees		36,197,199.00	-
Income from loan waiver	9	-	621,516,159.23
Income from donation	6	316,042,092.33	46,469,318.66
Others income		853,403.27	5,965,481.45
Total revenues		553,832,231.10	919,245,626.89
Expenses			
Educational requirements		242,305,860.55	254,615,735.75
Buildings and grounds		25,205,911.89	33,683,567.46
Administrative expenses		37,817,972.49	44,861,976.66
Finance expense		625,068.50	1,226,036.23
Total expenses		305,954,813.43	334,387,316.10
Net earnings		247,877,417.67	584,858,310.79

The accompanying notes are an integral part of the financial statements

UWC Thailand International School
Statement of changes in owner's equity
For the year ended July 31, 2021

In Baht

	Initial capital	Earnings (Deficit)	Total
Balance			
as at August 1, 2019	92,767,292.68	(700,713,617.83)	(607,946,325.15)
Net earnings	-	584,858,310.79	584,858,310.79
Balance			
as at July 31, 2020	92,767,292.68	(115,855,307.04)	(23,088,014.36)
Balance			
as at August 1, 2020	92,767,292.68	(115,855,307.04)	(23,088,014.36)
Net earnings	-	247,877,417.67	247,877,417.67
Balance			
as at July 31, 2021	92,767,292.68	132,022,110.63	224,789,403.31

The accompanying notes are an integral part of the financial statements

UWC Thailand International School
Notes to Financial Statements
For the year ended July 31, 2021

1 General information

UWC Thailand International School was incorporated on July 23, 2009 and is principally to provide education in the IB (International Baccalaureate) system and services and/or equipment related to education to Thai and foreign youths on non-profit basis. The School's registered address is located at 115/15 Moo 7, Thepkasattri Road, Thepkasattri Sub District, Talang District, Phuket.

2 Basis of financial statements preparation

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared and presented in Thai Baht. They are prepared on the historical cost basis except as stated in the accounting policies.

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) for Non-Publicly Accountable Entities (NPAEs); guidelines promulgated by the Federation of Accounting Professions.

The preparation financial statements in conformity with TFRS for NPAEs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected.

The financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of assets carrying amounts or the amounts and classification of liabilities that might be necessary should the School be unable to continue as a going concern.

UWC Thailand International School**Notes to Financial Statements****For the year ended July 31, 2021****3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Cash and cash equivalents

Cash and cash equivalent comprise cash on hand and demand deposits with financial institutions.

3.2 Accounts receivable/Allowance for doubtful accounts

Accounts receivable are stated at net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debtor aging.

3.3 Inventories

Inventories are valued at lower of cost (average method) or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

3.4 Land improvement, building and equipment / depreciation

Land improvement, building and equipment is stated at cost less accumulated depreciation and losses on decline in value.

When parts of an item of land improvement, building and equipment have different useful lives, they are accounted for as separate items (major components) of building improvement and equipment.

Gains or losses on disposal of an item of land improvement, and equipment are determined by comparing the proceeds from disposal with the carrying amount of land improvement, building and equipment, and are recognized net in the statement of revenues and expenses.

UWC Thailand International School

Notes to Financial Statements

For the year ended July 31, 2021

The cost of replacing a part of an item of land improvement, building and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the School, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of day-to-day servicing of land improvement, building and equipment are recognized in the statement of revenues and expenses as incurred.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is charged to the statement of revenues and expenses on a straight-line basis over the estimated useful lives of each components of an item of land improvement, building and equipment. The estimated useful lives are as follow;

Land improvement	5 - 15 years
Building	40 years
Building improvements	5 years
Learning equipment	5 years
Equipment and furniture and fixtures	5 years
Vehicles	5 years

3.5 Software license / Amortization

Software license is carried at cost less accumulated amortization and losses on decline in value (if any). Software license which have finite useful live are amortized on a systematic basis over the economic useful life. The amortization is charged to the statements of revenues and expenses. Software license with finite useful life are as follow;

Software license	5 years
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UWC Thailand International School**Notes to Financial Statements****For the year ended July 31, 2021****3.6 Revenues**

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

School fees

School fees and enrichment are recognized on the straight-line basis over the term of the related semester.

Boarding fees

Boarding fees are recognized on the straight-line basis over the term of the related semester.

Interest income

Interest income is recognized based on the principal outstanding over the duration of period at the effective yield.

3.7 Foreign currencies

Foreign currency transactions incurred during the years are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities in foreign currency outstanding at the statement of financial position date are translated into Baht at the exchange rates ruling on the statement of financial position date. Gains or losses on exchange are included in determining income.

3.8 Operating lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payment made under operating lease is charged to the statements of revenues and expenses over the period of the lease.

3.9 Losses on decline in value

The carrying amounts of the School's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in

UWC Thailand International School**Notes to Financial Statements****For the year ended July 31, 2021**

value is recognized if the carrying amount of an asset exceeds its recoverable amount.

A loss on decline in value is recognized in the statement of revenues and expenses.

3.10 Employee benefits

3.10.1 Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.10.2 The School and employees jointly entered into a provident fund of AIA Master Pooled Fund Registered Provident Fund", which is managed by American International Assurance Co., Ltd. The funds are monthly contributed to by employees and the School each at the rates of 5 percent of employees' salaries. The funds will be paid to the employees upon termination in accordance with the rules of the funds. During the year 2021, the school contributed to the funds amounting to Baht 732,375.77 (2020: Baht 638,674.13)

3.10.3 The School recognized the obligations for retired benefits using the best estimate expenditure made by management to settle the present obligations at the end of period in accordance to Thai Labor Law. The amount is based on the salary base, number of year services to the retirement date to be incurred in the future and turnover rates

3.11 Finance expense

Interest expense and similar expenses are recognized in the statement of revenues and expenses in the period when incurred.

UWC Thailand International School
Notes to Financial Statements
For the year ended July 31, 2021

4 Cash and cash equivalents

	In Baht	
	2021	2020
Cash	67,000.00	2,271.00
Deposits at financial institutions	69,866,970.91	8,877,043.49
Total	69,933,970.91	8,879,314.49

5 School fee and other accounts receivable

	In Baht	
	2021	2020
School fee receivable	4,606,131.27	7,749,542.08
Prepaid expenses	2,900,434.28	1,904,444.19
Others receivable	2,929,629.72	1,380,522.19
Total	10,436,195.27	11,034,508.46
Allowance for doubtful account	(63,418.00)	(63,418.00)
Net	10,372,777.27	10,971,090.46

UWC Thailand International School
Notes to Financial Statements
For the year ended July 31, 2021

6 Land improvement, building and equipment

	In Baht							
	Land Improvement	Building	Building improvements	Learning equipment	Equipment, Furniture and fixtures	Vehicles	Advance payment for acquired assets	Total
Cost								
August 1, 2019	301,495.24	-	16,409,614.68	44,400,060.76	32,549,966.63	4,467,028.60	2,601,004.25	100,729,170.16
Additional	-	-	535,017.00	1,436,550.89	2,811,238.54	-	-	4,782,806.43
Disposal/Transfer	-	-	-	(4,245,694.76)	(422,614.54)	-	(2,601,004.25)	(7,269,313.55)
July 31, 2020	301,495.24	-	16,944,631.68	41,590,916.89	34,938,590.63	4,467,028.60	-	98,242,663.04
Additional	83,610,046.31	172,670,898.95	23,372,520.31	1,659,460.20	1,524,048.58	197,950.00	2,208,414.18	285,243,338.53
Disposal/Transfer	-	-	-	(879,279.92)	-	-	-	(879,279.92)
July 31, 2021	83,911,541.55	172,670,898.95	40,317,151.99	42,371,097.17	36,462,639.21	4,664,978.60	2,208,414.18	382,606,721.65

UWC Thailand International School
Notes to Financial Statements
For the year ended July 31, 2021

	In Baht							
	Land Improvement	Building	Building improvements	Learning equipment	Equipment, Furniture and fixtures	Vehicles	Advance payment for acquired assets	Total
Accumulated depreciation								
August 1, 2019	(122,720.35)	-	(5,925,619.86)	(28,979,520.68)	(24,876,253.81)	(4,358,513.98)	-	(64,262,628.68)
Depreciation charges	(46,879.98)	-	(2,812,258.86)	(4,813,857.58)	(2,461,774.72)	(43,905.74)	-	(10,178,676.88)
Disposal/Transfer	-	-	-	4,041,335.99	412,516.04	-	-	4,453,852.03
July 31, 2020	(169,600.33)	-	(8,737,878.72)	(29,752,042.27)	(26,925,512.49)	(4,402,419.72)	-	(69,987,453.53)
Depreciation charges	(12,552,491.36)	(3,882,497.29)	(6,778,698.27)	(4,410,895.23)	(2,490,020.45)	(56,058.16)	-	(30,170,660.76)
Disposal/Transfer	-	-	-	771,950.94	-	-	-	771,950.94
July 31, 2021	<u>(12,722,091.69)</u>	<u>(3,882,497.29)</u>	<u>(15,516,576.99)</u>	<u>(33,390,986.56)</u>	<u>(29,415,532.94)</u>	<u>(4,458,477.88)</u>	<u>-</u>	<u>(99,386,163.35)</u>
Book value								
July 31, 2020	<u>131,894.91</u>	<u>-</u>	<u>8,206,752.96</u>	<u>11,838,874.62</u>	<u>8,013,078.14</u>	<u>64,608.88</u>	<u>-</u>	<u>28,255,209.51</u>
July 31, 2021	<u>71,189,449.86</u>	<u>168,788,401.66</u>	<u>24,800,575.00</u>	<u>8,980,110.61</u>	<u>7,047,106.27</u>	<u>206,500.72</u>	<u>2,208,414.18</u>	<u>283,220,558.30</u>

UWC Thailand International School

Notes to Financial Statements

For the year ended July 31, 2021

In 2021, the School was granted the building and equipment under the term of agreement for sale and purchase of assets between a related company and other company. This donation has been recorded to be income from donation in the statement of revenues and expenses.

7 Software license

	In Baht	
	2021	2020
Software license	2,398,717.88	2,392,244.38
Accumulated amortization	(2,068,615.42)	(1,881,416.83)
Net	330,102.46	510,827.55
Amortization for the year	187,198.59	194,434.77

8 Accounts payable

	In Baht	
	2021	2020
Accounts payable	5,841,037.66	902,365.12
Accrued expenses	2,786,225.75	823,276.97
Other payables	1,484,852.00	5,955,281.24
Deposit received from students	3,086,920.62	3,755,607.01
Total	13,199,036.03	11,436,530.34

9 Short-term loan from related parties

As at July 31, 2021, the Company has loans to a related party, amounting to Baht 20 million, with the interest at the rate of 3.25 percent per annum and shall repay within July 1, 2025.

In 2020, the lender has waived loan amount to Baht 608.14 million and accrued interest amount to Baht 13.38 million, to be totaling waiver amount to Baht 621.52 million to the School. This waiver has been recorded to be income from donation in the statement of revenues and expenses.

UWC Thailand International School
Notes to Financial Statements
For the year ended July 31, 2021

10 Employee benefit obligations

	In Baht	
	2021	2020
Employee retirement benefit		
As at August 1,	10,395,653.92	8,092,019.65
Provision decrease	16,238,345.12	2,303,634.27
As at July 31,	26,633,999.04	10,395,653.92

11 Commitments and contingent liabilities

As of July 31, 2021, the School has lease agreements in respect of the rental building and service agreements. Future minimum lease payments required under these operating lease agreements and service agreements amount totaling Baht 1.43 million.