

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

**THE MUSLIM MISSIONARY SOCIETY, SINGAPORE
(UEN NUMBER: S61SS0055K)
(A SOCIETY REGISTERED IN THE REPUBLIC OF SINGAPORE)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE
(UEN NUMBER: S61SS0055K)
(A Society Registered in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

PRESIDENT

Mohd. Hasbi bin Abu Bakar

VICE-PRESIDENTS

Hameem Alim Sahib Mohd Saleem
Mohamed Yunos bin Mohamed Shariff
Isa Hassan

REGISTERED OFFICE

31 Lorong 12 Geylang,
Singapore 399006.

SECRETARY GENERAL

Abdul Jaffar bin Mohamed Mydin

AUDITOR

Reanda Adept PAC
138 Cecil Street
#06-01 Cecil Court
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THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

Statement by the Executive Council

For the financial year ended 31 December 2021

We, the Executive Council of **THE MUSLIM MISSIONARY SOCIETY, SINGAPORE (the "Society")**, are responsible for the preparation of the accompanying financial statements that give a true and fair view in accordance with the provisions of the Singapore Societies Act 1966, the Singapore Charities Act 1994 and the Regulations enacted thereunder (together the "Acts"), the Society's Constitution and Financial Reporting Standards in Singapore. This responsibility includes:

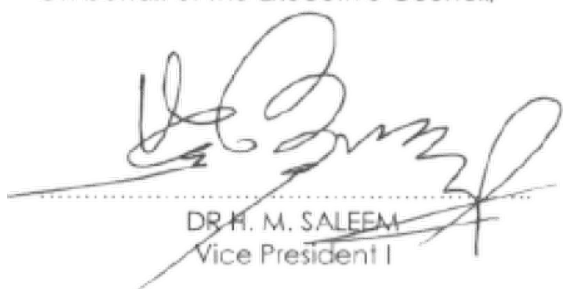
- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statement of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies;
- (c) making accounting estimates that are reasonable in the circumstances; and
- (d) assessing the risk of fraud and communicate to the Members of the Society on outcome of those assessments.

In our opinion,


- (a) the accompanying financial statements, together with the notes thereon, are properly drawn up 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 activities of the Society for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Executive Council authorised these financial statements for issue, on the date of this statement.

On behalf of the Executive Council,



DR H. M. SALEEM
Vice President I



SHAICK FAKRUDEEN S/O S. ALI
Treasurer General

Singapore,
7 June 2022

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

TO THE MEMBERS OF THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **THE MUSLIM MISSIONARY SOCIETY, SINGAPORE ("Society")**, which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Society are properly drawn up in accordance with the provisions of the Singapore Societies Act 1966, the Singapore Charities Act 1994 and the Regulations enacted thereunder (together the "Acts"), the Society's Constitution 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 financial 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 *Auditor's 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.

Other Information

The Executive Council of the Society is responsible for the other information. The other information comprises the financial information about the Society included in the Society's Annual Report but does not include the financial statements and our auditor's report thereon. The Society's Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

TO THE MEMBERS OF THE MUSLIM MISSIONARY SOCIETY, SINGAPORE (CONTINUED)

Other Information (continued)

When we read the Society's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Executive Council of the Society and take appropriate actions in accordance with SSAs.

Responsibility of Management for the Financial Statements

The Executive Council of the Society is responsible for the preparation of financial statements of the Society that give a true and fair view in accordance with the provisions of the Acts 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 Executive Council of the Society 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 Executive Council of the Society either intends to cease the Society's operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

TO THE MEMBERS OF THE MUSLIM MISSIONARY SOCIETY, SINGAPORE (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the 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 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 Executive Council of the Society regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required by the regulations enacted under the Singapore Societies Act 1966 to be kept by the Society have been properly kept for the Society in accordance with these regulations; and
- (b) the fund raising appeals held during the financial year ended 31 December 2021 have been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Singapore Societies Act 1966 and proper accounts and other records have been kept of the fund raising appeals.

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year:

- (a) the Society has not complied with the requirements of Regulation 15 (Fund-raising expenses of the Charities (Institution of a Public Character) Regulations); and
- (b) the use of donation monies was not in accordance with the objectives of the Society as required under Regulation 11 of the Charities (Institution of a Public Character) Regulations.



Reanda Adept PAC
Public Accountants and
Chartered Accountants

Singapore,
7 June 2022

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	NOTE	2021 S\$	2020 S\$
ASSETS			
Non-current assets			
Property, plant and equipment	4	15,950,680	15,996,726
Intangible assets	5	252,958	186,971
Investment property	6	6,076,520	6,178,144
Amount due from related parties	7	312,981	351,981
		22,593,139	22,713,822
Current assets			
Trade receivables	8	878,057	842,141
Inventories	9	99,290	100,407
Deposits, prepayments and other receivables	10	2,923,534	4,039,827
Cash and cash equivalents	11	35,153,306	32,353,069
		39,054,187	37,335,444
Total assets		61,647,326	60,049,266
FUNDS AND LIABILITIES			
Funds			
Restricted funds	12	2,962,633	2,946,292
Unrestricted funds		52,486,501	50,200,153
Total funds		55,449,134	53,146,445
Non-current liabilities			
Capital grants	14	1,340,974	1,310,525
Lease liability	15	917,694	751,048
		2,258,668	2,061,573
Current liabilities			
Trade payables	16	586,888	657,444
Accruals and other payables	17	2,350,142	2,590,158
Capital grants	14	317,583	363,644
Lease liability	15	684,911	1,230,002
		3,939,524	4,841,248
Total funds and liabilities		61,647,326	60,049,266

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

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 S\$	2020 S\$
Income	18	30,926,100	32,068,565
Direct expenses	18	(4,781,519)	(4,837,416)
Staff costs	18	(16,464,112)	(16,113,599)
Other operating expenses	18	(6,942,803)	(6,622,881)
		<hr/>	<hr/>
Profit before tax		2,737,666	4,494,669
Income tax expense		-	-
		<hr/>	<hr/>
Profit for the financial year		2,737,666	4,494,669
<i>Items that will not be reclassified to profit or loss</i>			
Movements in restricted funds		(434,977)	(941,053)
		<hr/>	<hr/>
Total comprehensive income for the financial year		<u>2,302,689</u>	<u>3,553,616</u>

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

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

STATEMENT OF CHANGES IN FUNDS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Restricted funds (Note 12) S\$	Unrestricted funds		Total S\$
		Designated funds (Note 13) S\$	General fund S\$	
Balance as at 1 January 2020	1,970,985	765,000	46,856,844	49,592,829
Total comprehensive (loss)/income for the financial year	(766,863)	-	4,320,479	3,553,616
Transfer of funds	1,742,170	(23,885)	(1,718,285)	-
Balance as at 31 December 2020	2,946,292	741,115	49,459,038	53,146,445
Total comprehensive (loss)/income for the financial year	(316,609)	-	2,619,298	2,302,689
Transfer of funds	332,950	(19,201)	(313,749)	-
Balance as at 31 December 2021	2,962,633	721,914	51,764,587	55,449,134

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

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 S\$	2020 S\$
Cash flows from operating activities			
Profit before tax		2,737,666	4,494,669
<u>Adjustments for:</u>			
Depreciation on investment property		101,624	101,624
Depreciation on property, plant and equipment		2,662,838	2,796,214
Amortisation of intangible asset		28,508	21,748
Loss on disposal of property, plant and equipment		223,763	64,612
Gain on derecognition of right-of-use assets		(362,639)	(10,121)
Amortisation of capital grant		(410,860)	(661,281)
Movement in restricted and unrestricted funds		(434,977)	(941,053)
Interest income		(31,928)	(127,061)
Interest expense		61,642	48,547
Operating cash flow before working capital changes		<u>4,575,637</u>	<u>5,787,898</u>
<u>Changes in working capital:</u>			
Inventories		1,117	216,567
Amount due from related parties		39,000	11,517
Trade receivables		(35,916)	481,433
Deposits and other receivables		1,116,293	(1,161,290)
Trade payables		(70,556)	158,992
Accruals and other payables		(240,016)	250,661
Net cash generated from operating activities		<u>5,385,559</u>	<u>5,745,778</u>
Cash flow from investing activities			
Interest received		31,928	127,061
Increase in fixed deposits pledged		(163)	(325)
Purchase of property, plant and equipment		(2,168,028)	(1,013,553)
Purchase of intangible assets		(94,495)	(50,150)
Proceeds from disposal of property, plant and equipment		701,277	-
Net cash used in investing activities		<u>(1,529,481)</u>	<u>(936,967)</u>
Cash flows from financing activities			
Interest paid		(61,642)	(48,547)
Repayment of lease liabilities		(1,389,610)	(1,267,064)
Capital grant received		395,248	240,000
Net cash used in financing activities		<u>(1,056,004)</u>	<u>(1,075,611)</u>
Net increase in cash and cash equivalents		2,800,074	3,733,200
Cash and cash equivalents at the beginning of financial year		32,027,634	28,294,434
Cash and cash equivalents at the end of financial year	11	<u><u>34,827,708</u></u>	<u><u>32,027,634</u></u>
Note A			
Total additions to property, plant and equipment		3,541,832	2,076,632
Less: Finance lease liability		(1,373,804)	(1,063,079)
		<u><u>2,168,028</u></u>	<u><u>1,013,553</u></u>

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

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. Domicile and activities

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE, also known as Jamiyah Singapore ("Society") is registered under the Singapore Societies Act 1966 and is also a charity under the Singapore Charities Act 1994. The Society was accorded the Institution of Public Character ("IPC") status on 21 August 2001 which was renewed until 31 August 2015. On 27 November 2015, the activities of the Society regarded as having IPC character were separately registered as the IPC arm of the Society as the Muslim Missionary Society, Singapore- Jamiyah Welfare Society ("JWF") with UEN Number: T15CC0003G. The IPC status of the JWF has been renewed from 1 June 2021 to 31 May 2023. The registered office of the Society is at 31 Lorong 12 Geylang, Singapore 399006.

The Society was established in 1932 under the name of All-Malaya Muslim Missionary Society with branches in several states of Malaysia. After 1965, the name of the Society was changed to The Muslim Missionary Society, Singapore (Also known as Jamiyah Singapore). The Society is governed by an Executive Council (EXCO) under the Constitution as registered with The Registrar of Societies.

The Executive Council members of the Society are appointed according to the Society's constitution.

The principal activities of the Society is to promote spiritual, social economic well-being of Muslims and fellow Singaporeans, promote education, provide welfare services for the benefit of the community irrespective of race or religion.

The activities include the following:

a) Childcare centre

To provide educational needs for the children of working mothers.

b) Children's home

To provide accommodation, care and shelter to orphans, children of single parents, and children of drug detainees and education, sports, recreation and art activities to the children.

c) Halfway house

To serve as a centre of rehabilitation for substance abusers. The programs provide effective social integration of drug detainees imparting various skills development and training and religious courses.

d) Home for the aged

To provide shelter, care, nursing and health needs to the destitute and aged.

e) Nursing home

Caring of aged and sick, providing residential, medical, nursing care, psychological social and spiritual counselling.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. Domicile and activities (continued)

f) Student care and service centres

To conduct tuition classes for children in primary and early secondary levels of low – income families at subsidised rates.

g) Global child development centre

To provide educational needs for the children of working mothers.

h) Kindergarten

To operate a kindergarten for children.

i) Education centre

To run religious, language, moral academic classes for children, juveniles and adults.

The financial statements of the Society for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Executive Council of the Society on the date of the Statement by the Executive Council.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Charities Act, Singapore Societies Act, Financial Reporting Standards in Singapore ("FRSs") and the Society's Constitution. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies that follow.

2.2 Adoption of new and amended standards and interpretations

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

Early adoption of amendment to FRS 116 Leases: Covid-19-Related Rent Concessions

The Society has early adopted the amendment to FRS 116 which introduced an optional practical expedient for leases from assessing whether a rent concession related to COVID-19 is a lease modification.

The Society has applied this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of S\$ 175,452 (2020: S\$ 322,008) was recognised as other income in the profit or loss during the year (Note 18).

2.3 Functional and presentation currency

These financial statements are presented in Singapore Dollar (S\$) which is the Society's functional and presentation currency.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes purchase price and expenditure that is directly attributable to the acquisition of the asset.

Depreciation is calculated on the straight-line method over the estimated useful lives or annual rates as follows:

Freehold properties	- 100 years
Leasehold properties	- 27 years
Bedding and medical equipment	- 10 years
Computer software	- 10 years
Computer equipment	- 10 years
Furniture and fittings	- 10 years
Machinery and equipment	- 10 years
Motor vehicles	- 10 years
Renovation	- 10 years
Leasehold land	- 2 years
Leasehold building	- 3 years
Leasehold office equipment	- 2 to 5 years

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings.

Assets acquired during the financial year are charged with depreciation as of the acquisition date. Depreciation is charged till the date of disposal for the year in which an asset is sold. Fully depreciated assets are retained on the financial statements until they are no longer in use.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the assets before the expenditure was made, will flow to the Society and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

2.5 Investment property

Investment property is property held either to earn rental income or capital appreciation or both. It does not include a property held for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is not revalued or measured at fair value subsequent to initial recognition. Cost includes the purchase price and any directly attributable costs to the acquisition of the investment property such as legal and brokerage fees, property transfer taxes and other transaction costs. The cost of the freehold building under investment property is depreciated using the straight-line method at 2% per annum on its cost.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.5 Investment property (continued)

The costs of day-to-day servicing and maintenance of an investment property is recognised as expenses in the income statement in the period in which the costs are incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 Intangible assets

Acquired computer software

Acquired computer software are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 10 years.

The amortisation period and amortisation method are reviewed at least at each balance sheet date. The effect of any revision are recognised in profit or loss when the changes arise.

2.7 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at 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 statement of comprehensive income.

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.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Society's operation 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 and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Investments in equity instruments

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

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 financial assets is recognised in statement of comprehensive income.

Impairment

The Society recognises an allowance for expected credit losses (ECLs) for financial assets carried at amortised cost. 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 MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

(a) Financial assets (continued)

Impairment (continued)

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since the 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

If the Society has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Society measure the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Society recognises an impairment gain or loss in statement of comprehensive income for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

(b) 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 fair value through profit or loss, directly attributable transaction costs.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Society has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other financial liabilities comprise trade payables, accruals and other payables and finance lease liability.

Subsequent measurement

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

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

(b) Financial liabilities (continued)

Derecognition

A financial liability is de-recognised 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 statement of comprehensive income.

2.8 Impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the amount of impairment loss. For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of the cash-generating-unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating-unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating-unit) is reduced to its recoverable amount. The impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease in equity/ funds.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating-unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating-unit) in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase in equity/ funds.

2.9 Lease

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.

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.

The Society has applied the amendment to FRS 116 Leases: Covid-19-Related Rent Concessions. The Society applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Society applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Society chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Society assesses whether there is a lease modification.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.9 Lease (continued)

As lessee

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 re-measurement 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.

Lease liabilities

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating the lease, if the lease term reflects the Society exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.9 Lease (continued)

Short-term leases and leases of low-value assets

The Society applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases 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.

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 investment 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.

2.10 Revenue recognition

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 goods 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.

The following specific recognition criteria must also be met before revenue is recognised:

(i) *Donations*

Donations are recognised in the income and expenditure statement on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

Where donations are specified to cover an expenditure that must take place in a future accounting period or where it is subject to an obligation to be performed by the Society based on the directions of the donor, the extent of such donation is accounted for as a deferred income and recognised as a liability until the accounting period in which the Society has performed its obligations or expended the resources in performing its obligations.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.10 Revenue recognition (continued)

(ii) *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with, Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

(iii) *Fees income*

Fees income received are recognised as performance obligations that are satisfied over time. Unearned income relating to services to be rendered in future periods are included in deferred income.

Revenue from other services are recognised when the services are rendered over time.

(iv) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

2.11 Provisions

Provisions are recognised if, as a result of a past event, the Society has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of comprehensive income when the changes arise.

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Society.

Contingent liabilities are not recognised on the statement of financial position, if:

- (i) it is not probable that an outflow embodying economic resources will be required to settle the obligation; and/or
- (ii) the amount cannot be reliably measured.

Contingent assets will not be recognised unless it is certain that benefits will flow to the Society and the amount can be reliably measured.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.12 Restricted funds

Restricted funds are funds held by the Society that can only be applied for specific purposes. These funds are subject to specific trusts which may be declared by the donors or with their authority or created through legal process but are still within the wider objects of the Society.

Income and expenditure relating to specific funds are accounted for either directly in the funds to which they relate or the funds are appropriated to be recognised in profit or loss as and when the Society is entitled to appropriate the same to meet the relevant expenditure. Common expenses, if any, are allocated on a reasonable basis to the funds based on a method suitable to this common expense.

Funds received for specific purposes such as purchase of depreciable assets are taken to relevant restricted fund account. This relevant Society will be reduced over the useful life of the asset in line with its depreciation. Depreciation is charged to the relevant designated funds in respect of the asset acquired.

2.13 Employee benefits

Employee benefits are recognised as an expense unless the cost qualifies to be capitalised as an asset.

Defined contribution plan

As required by law, the Society makes contributions to the Central Provident Society (CPF), a defined contribution plan regulated and managed by the Government of Singapore. CPF contributions are recognised as expense in the same year to which the contribution relates.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term employee benefits if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee leave entitlement

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

2.14 Income tax

As the Society is exempt from income tax, pursuant to Section 13 (1) (zm) of the Income Tax Act 1947, the Society's income is not subject to any tax.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.15 Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of the amount of GST except: -

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

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

2.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, and deposits with financial institutions which are not subject to significant change in value.

2.17 Related parties

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Society if that person:
 - (i) Has control or joint control over the Society;
 - (ii) Has significant influence over the Society; or
 - (iii) Is a member of the key management personnel of the Society.
- b) An entity is related to the Society if any of the following conditions applies:
 - (i) The entity and the Society are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to 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 has a post-employment benefit plan for the benefit of employees of either the Society or an entity related to the Society. If the Society is itself a plan, the sponsoring employers are also related to the Society;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Summary of significant accounting policies (continued)

2.17 Related parties (continued)

(vii) A person identified in (a) (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); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel service to the Society or to the parent of the Society.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in first out cost formula and comprises all costs of purchases, conversion and other costs in bringing the inventories to their present condition and location. Where necessary, an allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the selling expense or estimated costs of completion and the applicable variable selling expenses.

3. Critical accounting estimates, assumptions and judgements

The preparation of the Society's financial statements requires management to make judgements, 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.

3.1 Critical accounting estimates and assumptions

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

(a) *Depreciation of Property, plant and equipment and investment property, and amortisation of intangible assets*

The Society depreciates property, plant and equipment and investment property, and amortises intangible assets over their estimated useful lives, after taking into account their estimated residual values, if any, using straight line method. The estimated useful life reflects management's estimate of the periods that the Society intends to derive future economic benefits from the use of the Society's property, plant and equipment, investment property and intangible assets. The residual values reflect management's estimated amount that the Society would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

The carrying amount of property, plant and equipment, investment property and intangible assets at the end of the reporting period is disclosed in Notes 4, 5 and 6 to the financial statements.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Critical accounting estimates, assumptions and judgements (continued)

3.1 Critical accounting estimates and assumptions (continued)

- (b) *Provision for expected credit losses (ECL) on amount due from related party, trade receivables and deposits and other receivables*

The assessment of the correlation between historical observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Society's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of amount due from related party, trade receivables and deposits and other receivables and at the end of the reporting period are disclosed in Notes 7, 8 and 10 to the financial statements.

- (c) *Apportionment of costs*

The Society apportions certain shared costs between its IPC arm and the non-IPC arm. Management estimates the rate of apportionment by reviewing the activities and output of each arm. These rates are reviewed on an annual basis.

- (d) *Leases – estimating the incremental borrowing rate*

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

- (e) *Estimated impairment of non-financial assets*

Property, plant and equipment and investment properties are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. An impairment exists when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Management has assessed that there is no objective evidence or indication that the carrying amounts of the Division's non-financial assets may not be recoverable as at the reporting date and accordingly an impairment assessment is not required. The carrying amounts of non-financial assets at the reporting date are disclosed in Notes 4 and 5 to the financial statements.

3.2 Critical judgements in applying the entity's accounting policies

There is no significant judgement made in applying accounting policies in the preparation of financial statements.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Property, plant and equipment

	Bedding and medical equipment	Computer equipment	Furniture and fittings	Freehold property	Leasehold property	Right-of-use leasehold land	Right-of-use leasehold building	Right-of- use lease of equipment	Machinery and equipment	Motor vehicles	Office equipment	Renovation	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
2021													
<u>Cost</u>													
At beginning of financial year	704,739	816,105	472,733	9,507,297	6,491,961	1,237,229	2,310,236	221,265	813,961	1,196,837	146,953	9,816,891	33,736,207
Additions	113,546	165,222	31,922	-	-	1,336,984	-	36,820	68,192	366,877	97,136	1,325,133	3,541,832
Disposals	(27,285)	(75,761)	(40,731)	-	-	(1,237,229)	(760,818)	(5,200)	(61,361)	(458,312)	(136,471)	(3,828,113)	(6,631,281)
At end of financial year	791,000	905,566	463,924	9,507,297	6,491,961	1,336,984	1,549,418	252,885	820,792	1,105,402	107,618	7,313,911	30,646,758
<u>Accumulated depreciation</u>													
At beginning of financial year	251,790	433,642	240,030	2,249,312	4,612,702	893,037	994,946	78,708	414,545	692,301	14,465	6,864,003	17,739,481
Charge for the year	74,209	78,113	43,985	95,083	239,912	446,322	853,908	52,938	65,731	119,938	22,228	570,471	2,662,838
Disposals	(16,890)	(44,956)	(36,282)	-	-	(1,237,229)	(398,179)	(2,317)	(29,144)	(212,179)	(17,735)	(3,711,330)	(5,706,241)
At end of financial year	309,109	466,799	247,733	2,344,395	4,852,614	102,130	1,450,675	129,329	451,132	600,060	18,958	3,723,144	14,696,078
<u>Carrying value</u>													
At end of financial year	481,891	438,767	216,191	7,162,902	1,639,347	1,234,854	98,743	123,556	369,660	505,342	88,660	3,590,767	15,950,680

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Property, plant and equipment (continued)

2020	Bedding and medical equipment	Computer equipment	Furniture and fittings	Freehold property	Leasehold property	Right-of-use leasehold land	Right-of-use leasehold building	Right-of-use lease of equipment	Machinery and equipment	Motor vehicles	Office equipment	Renovation	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>Cost</u>													
At beginning of financial year	605,770	932,524	523,987	9,507,297	6,491,961	1,237,229	2,407,443	221,265	838,895	1,328,055	58,944	9,158,480	33,314,330
Additions	120,184	59,340	9,028	-	-	-	-	-	34,350	30,000	88,009	672,642	1,013,553
Modification of lease liability	-	-	-	-	-	-	1,063,079	-	-	-	-	-	1,063,079
Disposals	(21,215)	(178,239)	(60,282)	-	-	-	(1,160,286)	-	(59,284)	(161,218)	-	(14,231)	(1,654,755)
Reclassification	-	2,480	-	-	-	-	-	-	-	-	-	-	-
At end of financial year	704,739	816,105	472,733	9,507,297	6,491,961	1,237,229	2,310,236	221,265	813,961	1,196,837	146,953	9,816,891	33,736,207
<u>Accumulated depreciation</u>													
At beginning of financial year	199,831	508,711	239,476	2,154,239	4,372,790	446,518	951,841	34,975	395,567	755,205	3,360	6,131,230	16,193,743
Charge for the year	64,379	82,270	48,164	95,073	239,912	446,519	858,904	43,733	69,184	93,805	10,468	743,803	2,796,214
Disposals	(12,420)	(156,702)	(47,610)	-	-	-	(815,799)	-	(50,206)	(156,709)	-	(11,030)	(1,250,476)
Reclassification	-	(637)	-	-	-	-	-	-	-	-	637	-	-
At end of financial year	251,790	433,642	240,030	2,249,312	4,612,702	893,037	994,946	78,708	414,545	692,301	14,465	6,864,003	17,739,481
<u>Carrying value</u>													
At end of financial year	452,949	382,463	232,703	7,257,985	1,879,259	344,192	1,315,290	142,557	399,416	504,536	132,488	2,952,888	15,996,726

	2021 S\$	2020 S\$
Charge for the financial year to Statement of Comprehensive Income - General fund	2,431,790	2,547,528
Charge for the financial year to Restricted fund	231,048	248,686
	<u>2,662,838</u>	<u>2,796,214</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Property, plant and equipment (continued)

The freehold property is registered in the name of three trustees – Mr Abdul Malik Bin Abu Bakar, Dr H M Saleem and Mr Mohamed Yunos Bin Mohamed Shariff who were appointed on 12 October 2015 pursuant to the Extraordinary General Meeting of the Society on that date.

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 15.

5. Intangible assets

	2021 S\$	2020 S\$
<u>Acquired computer software</u>		
Cost		
At beginning of financial year	238,350	188,200
Additions	94,495	50,150
At end of financial year	<u>332,845</u>	<u>238,350</u>
Accumulated amortisation		
At beginning of financial year	51,379	29,631
Charge for the year	28,508	21,748
At end of financial year	<u>79,887</u>	<u>51,379</u>
Carrying value		
At end of financial year	<u>252,958</u>	<u>186,971</u>

6. Investment property

	2021 S\$	2020 S\$
<u>Cost</u>		
At beginning and end of the financial year	<u>6,961,818</u>	<u>6,961,818</u>
<u>Accumulated Depreciation</u>		
At beginning of the financial year	783,674	682,050
Charge for the year	101,624	101,624
At end of the financial year	<u>885,298</u>	<u>783,674</u>
<u>Carrying value</u>		
At end of the financial year	<u>6,076,520</u>	<u>6,178,144</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. Investment property (continued)

	2021 S\$	2020 S\$
<u>Depreciation charged for the year:</u>		
Depreciation charged to general fund (Note 18)	96,559	96,559
Depreciation charged to building fund (Note 12)	5,065	5,065
Total depreciation charged	<u>101,624</u>	<u>101,624</u>

The investment property is an 8-unit residential apartment located at 34 Lorong 33 Geylang, Singapore 387989. The investment property is registered in the name of three trustees, Mr Abdul Malik Bin Abu Bakar, Dr H M Saleem and Mr Mohamed Yunos Bin Mohamed Shariff, who were appointed on 12 October 2015 pursuant to the Extraordinary General Meeting of the Society on that date.

The rental income recognised in profit and loss for the financial year ended 31 December 2021 from its investment property, which is leased out to a third party under an operating lease, is \$240,000 (2020: \$240,000).

The fair value of the investment property was S\$8,400,000 (2020: S\$8,160,000) based on a valuation report dated 21 March 2022 prepared by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, independent qualified valuers. The fair value was determined using comparable market transactions that consider sales of similar properties that have been transacted in the open market close to the date of valuation, adjusted for differences in key attributes such as property location, size and conditions among other relevant factors (2020: based on caveats lodged during the financial year in respect of sales and purchase transactions of similar units in the vicinity of the investment property).

7. Amount due from related parties

	2021 S\$	2020 S\$
Amount due from related parties	322,903	2,849,165
Less: Expected credit losses		
At beginning of the financial year	(2,497,184)	(2,497,184)
Written-off	2,487,262	-
At the end of the financial year	<u>(9,922)</u>	<u>(2,497,184)</u>
	<u>312,981</u>	<u>351,981</u>

The amount due from related parties are interest free, unsecured and are not repayable in the next 12 months.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. Trade receivables

	2021 S\$	2020 S\$
Third parties	1,175,279	1,253,498
Less: Allowance for expected credit losses	<u>(297,222)</u>	<u>(411,357)</u>
	<u>878,057</u>	<u>842,141</u>

Movement in allowance for expected credit losses:

	2021 S\$	2020 S\$
At beginning of financial year	(411,357)	(653,010)
Charge for the financial year	(184,716)	(328,302)
Written-off	298,851	569,955
At end of financial year	<u>(297,222)</u>	<u>(411,357)</u>

Trade receivables are interest-free and unsecured, except to the extent secured by deposits received (Note 17).

9. Inventories

	2021 S\$	2020 S\$
<u>Statement of financial position</u>		
Finished goods (merchandise comprising uniforms, t-shirt, hat, prayer mat, flyer holder and azan clock)	6,887	3,844
Finished goods - donated items	<u>92,403</u>	<u>96,563</u>
	<u>99,290</u>	<u>100,407</u>
<u>Statement of comprehensive income</u>		
Inventories recognised as an expense in direct expenses	8,964	7,779
Inventories recognised as an expense in Foodbank Restricted Fund (Note 12)	<u>363,510</u>	<u>594,272</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. Deposits, prepayments and other receivables

	2021 S\$	2020 S\$
Deposits	399,589	374,554
Interest receivable	2,388	14,344
Grant receivables	2,207,607	3,277,334
Other receivables	177,305	347,549
	<u>2,786,889</u>	<u>4,013,781</u>
Prepayment	119,890	10,933
GST recoverable	16,755	15,113
	<u>2,923,534</u>	<u>4,039,827</u>

11. Cash and cash equivalents

	2021 S\$	2020 S\$
Fixed deposits	8,486,163	8,459,031
Fixed deposits (pledged) #	325,598	325,435
Cash at bank	26,314,945	23,542,003
Cash on hand	26,600	26,600
Cash and cash equivalents as per statement of financial position	<u>35,153,306</u>	<u>32,353,069</u>
Less: Fixed deposits – pledged #	<u>(325,598)</u>	<u>(325,435)</u>
Cash and cash equivalents as per statement of cash flows	<u>34,827,708</u>	<u>32,027,634</u>

Fixed deposits bear average effective interest rates between 0.05% and 2.00% (2020: 0.05% and 2.00%) per annum and for various tenures ranging from 30 days to 1 year (2020: 30 days to 1 year).

These fixed deposits are pledged with banks for the purpose of procuring bank guarantees in favour of third parties on behalf of other divisions of the Society.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. Restricted funds

	BF	CRF	C&S	CST	EF	IDB	LF	MANNA	IE	SBL	YR	FB	JHA	TOTAL
2021	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
As at 31.12.2020	189,052	12,903	83,000	92,063	100,000	395,366	21,035	772,206	8,535	75,550	-	-	1,196,582	2,946,292
Grants received	-	-	-	176,297	-	-	-	-	-	-	-	-	2,335,754	2,512,051
Donations received	-	-	-	-	-	-	-	-	-	-	-	-	103,520	103,520
Other income received	-	-	-	-	-	-	-	-	-	-	-	-	69,376	69,376
Value of donated inventory items received	-	-	-	-	-	-	-	-	-	-	-	368,314	-	368,314
Value of donated inventory items distributed to beneficiaries	-	-	-	-	-	-	-	-	-	-	-	(363,510)	-	(363,510)
Direct expenses	-	-	-	-	-	-	-	-	-	-	-	-	(548,431)	(548,431)
Staff costs	-	-	-	-	-	-	-	-	-	-	-	-	(1,376,986)	(1,376,986)
Operating expenses	-	-	-	-	-	-	-	-	-	-	-	(134,325)	(464,988)	(599,313)
Interest earned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charged *	(32,684)	-	-	-	-	-	-	-	-	-	-	(203,429)	-	(236,113)
Appropriation to grants in Income Statement	-	-	(83,000)	(155,816)	-	-	-	-	-	-	123	-	-	(238,693)
Grant utilised during the year	-	-	-	-	-	-	-	-	(6,724)	-	-	-	-	(6,724)
Loans repaid by students	-	-	-	-	-	1,908	-	-	-	-	-	-	-	1,908
Loans disbursed to students	-	-	-	-	-	(2,008)	-	-	-	-	-	-	-	(2,008)
Transfer of funds from General Fund	-	-	-	-	-	-	-	-	-	-	-	332,950	-	332,950
Movement for financial year	(32,684)	-	(83,000)	20,481	-	(100)	-	-	(6,724)	-	123	-	118,245	16,341
As at 31.12.2021	156,368	12,903	-	112,544	100,000	395,266	21,035	772,206	1,811	75,550	123	-	1,314,827	2,962,633

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. Restricted funds (continued)

	BF	CRF	C&S	CST	EF	IDB	LF	MANNA	IE	SBL	YR	BRF	FB	JHA	TOTAL
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
As at 31.12.2019	235,488	26,389	251,521	50,001	100,000	396,735	21,035	772,206	17,100	75,550	23,760	1,200	-	-	1,970,985
Grants received	-	-	-	131,076	-	-	-	-	-	-	-	-	-	2,328,191	2,459,267
Donations received	-	-	-	-	-	-	-	-	-	-	-	-	100	98,376	98,476
Other income received	-	-	-	-	-	-	-	-	-	-	-	-	-	324,895	324,895
Value of donated inventory items received	-	-	-	-	-	-	-	-	-	-	-	-	385,484	-	385,484
Value of donated inventory items distributed to beneficiaries	-	-	-	-	-	-	-	-	-	-	-	-	(594,272)	-	(594,272)
Direct expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	(637,182)	(637,182)
Staff costs	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,515,246)	(1,515,246)
Operating expenses	-	-	-	-	-	(9)	-	-	-	-	-	-	(327,535)	(424,844)	(752,388)
Interest earned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charged *	(46,436)	-	-	-	-	-	-	-	-	-	-	-	(207,315)	-	(253,751)
Appropriation to grants in Income Statement	-	(13,486)	(168,521)	(89,014)	-	-	-	(8,565)	-	-	(1,200)	-	-	-	(280,786)
Loans disbursed to students	-	-	-	-	-	(4,000)	-	-	-	-	-	-	-	-	(4,000)
Loans repaid by students	-	-	-	-	-	2,640	-	-	-	-	-	-	-	-	2,640
Transfer of funds from General Fund	-	-	-	-	-	-	-	-	-	-	(23,760)	-	743,538	1,022,392	1,742,170
Movement for financial year	(46,436)	(13,486)	(168,521)	42,062	-	(1,369)	-	-	(8,565)	-	(23,760)	(1,200)	-	1,196,582	975,307
As at 31.12.2020	189,052	12,903	83,000	92,063	100,000	395,366	21,035	772,206	8,535	75,550	-	-	-	1,196,582	2,946,292

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. Restricted funds (continued)

Building fund (BF)

This fund was established from donations received from donors for the purpose of the renovation works to the Children's Home.

Cambodia Relief Fund (CRF)

This fund was established with amounts donated for the purpose of constructing wells and a mosque in Cambodia for the use of the local Muslim community for prayers and conduct of a religious education relating to the Islamic Faith including the conduct of religious lectures and activities.

Care and Share Grant (C&S)

This is a national fund-raising and volunteerism movement led by the Ministry of Social and Family Development (MSF) for the social service sector. It aims to recognise the contributions made by voluntary welfare organisations (VWOs) in the social service sector. Eligible donations raised between 1 December 2013 and 31 December 2016 by the Society will be matched dollar-for-dollar by MSF. The matched amount will go towards building the Society's capabilities and capacities.

CST grant (CST)

Community Silver Trust ("CST") fund is a fund received from the Community Silver Trust managed by the Ministry of Health. Under the Grant, the Society receives a matching grant of one dollar for every dollar of donation raised by the Society. A certain portion of the grant is available to be used for recurrent operating uses whilst the remainder is restricted to expenditure to develop, expand and enhance the Society's services.

Education Scholarship Fund (EF)

This fund is restricted for the purpose of meeting education expenses of the needy.

Islamic Development Bank (IDB)

IDB Education Trust is a trust fund set up in 1991 with funds made available by the Islamic Development Bank, Jeddah, for the purpose of the Society administering a scholarship/loan scheme, free of interest, to support the education of Muslim students in Singapore.

Lee Foundation Fund (LF)

This fund is restricted for use for education bursaries disbursed for the needy and disadvantaged students.

The Maid and Nurse Education and Training Fund (MANNA)

This fund is established by the Society to provide education and training to maids and nursing aides.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. Restricted funds (continued)

Private Islamic Education Fund (IE)

This grant was received from Majlis Ugama Islam Singapura (MUIS) and is a one-off funding to be disbursed to eligible students to financial assist them for Islamic education.

SBL Bursary Donation (SBL)

This fund was set up from funds received from the Singapore Buddhist Lodge (SBL) for the disbursement of education bursaries for the needy and disadvantaged students.

Yellow ribbon fund (YRF)

This is a fund received from Yellow Ribbon Fund in support of the Residential Aftercare Support Programme (RASP). Under the Funding agreement, the funds are to be used for the purpose of the management and operation of RASP.

Bursary fund (BRF)

This fund was established in the name of Mrs Wan Liang Tin Bursary Award. This fund was awarded to the residents of the Children's Home and is pledged for a 5 year period from 2019 to 2023.

Jamiyah Foodbank (FB)

This is a restricted fund that accounts for the food ration distribution programme that was officially launched in March 2017. Under the Foodbank, the food ration distribution programme that the Society was undertaking previously became an expanded activity when it rented a four-story building to serve the society. The Society collects, sorts, stores and distributes donated food to poor and needy families.

Jamiyah Home for the Aged

The fund was established with the grants from Ministry of Social and Family Development ("MSF") and amounts donated for the purpose of operating the Division to meet the Division's objectives of serving the aged and needy.

	2021	2020
	S\$	S\$
<u>*Depreciation charged to Restricted Fund</u>		
Depreciation of renovation (from property, plant and equipment) (Note 4)	27,619	41,371
Depreciation of right of use lease building (Note 4)	203,429	207,315
	<u>231,048</u>	<u>248,686</u>
Depreciation of investment property (Note 6)	5,065	5,065
	<u>236,113</u>	<u>253,751</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. Designated funds

	2021 S\$	2020 S\$
At beginning of financial year	741,115	765,000
Appropriation to income statement	(19,201)	(23,885)
At end of financial year	<u>721,914</u>	<u>741,115</u>

This fund is established from donation received through the Royal Embassy of Saudi Arabia meant to advance the general objects of the Society.

14. Capital grants

The Society received capital grants from the Ministry of Community Development, Youth and Sports, National Council of Social Service (NCSS), Singapore Corporation of Rehabilitative Enterprises (SCORE), Early Childhood Development Agency (ECDA), the President's Challenge and Healthcare Productivity Fund to fund the renovation works to the Children's Home premises at 15 Guillemard Crescent, the renovation of the Halfway House premises at 352 Pasir Panjang Road, the Childcare Centre's extension of premises at Block 124 Ang Mo Kio Avenue 6, the renovation works at Block 870A Tampines St 86 #01-10, Block 871B Tampines St 86 #01-30, and for the purchase of vans, ambulances, laptops, software machinery and equipment.

	2021 S\$	2020 S\$
Balance at 1 January	6,319,354	6,079,354
Capital grants received during the year	395,248	240,000
	<u>6,714,602</u>	<u>6,319,354</u>
<u>Less:</u>		
-Amortisation of capital grants	(5,033,376)	(4,622,516)
-Adjustment due to variation in capital grants recognised	(22,669)	(22,669)
Balance at 31 December	<u>1,658,557</u>	<u>1,674,169</u>
Current portion	317,583	363,644
Non-current portion	1,340,974	1,310,525
Balance at the end of the year	<u>1,658,557</u>	<u>1,674,169</u>

	2021 S\$	2020 S\$
<u>Movement in accumulated amortisation</u>		
Balance at the beginning of the year	4,622,516	3,961,235
Amortisation during the year	410,860	661,281
Balance at the end of the year	<u>5,033,376</u>	<u>4,622,516</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. Lease liability

	2021 S\$	2020 S\$
Current lease liabilities	684,911	1,230,002
Non-current lease liabilities	917,694	751,048
	<u>1,602,605</u>	<u>1,981,050</u>

The Society as a lessee

The Society has lease contracts for leasehold land, building and equipment. For leases with lease terms 12 months or less and with low value, the Society applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions.

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	Leasehold land S\$	Leasehold building S\$	Lease of equipment S\$	Total S\$
At 1 January 2020	790,711	1,455,602	186,290	2,432,603
Additions	-	1,063,079	-	1,063,079
Depreciation	(446,519)	(858,904)	(43,733)	(1,349,156)
Derecognition	-	(344,487)	-	(344,487)
At 31 December 2020	<u>344,192</u>	<u>1,315,290</u>	<u>142,557</u>	<u>1,802,039</u>
Additions	1,336,984	-	36,820	1,373,804
Depreciation	(446,322)	(853,908)	(52,938)	(1,353,168)
Derecognition	-	(362,639)	(2,883)	(365,522)
At 31 December 2021	<u>1,234,854</u>	<u>98,743</u>	<u>123,556</u>	<u>1,457,153</u>

(b) Amounts recognised in profit or loss

	2021 S\$	2020 S\$
Depreciation of right-of-use assets	1,353,168	1,349,156
Interest expense on lease liabilities	61,642	48,547
Lease expenses not capitalised in lease liabilities		
- Expenses relating to leases of low-value assets	15,125	15,265
- Expenses relating to short-term leases	14,082	12,429
Gain on derecognition of lease liability	(362,639)	(10,121)
The amount recognised in profit or loss	<u>1,081,378</u>	<u>1,415,276</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. Lease liability (continued)

(c) Total cash outflows

	2021 S\$	2020 S\$
Total cash flows for leases	<u>1,451,252</u>	<u>1,315,611</u>

(d) Reconciliation of liabilities arising from financing activities

2021	Beginning of financial year S\$	Cash flows S\$	Non-cash changes				End of financial year S\$
			Acquisition S\$	Termination S\$	Accretion of interests S\$	Amorti- sation S\$	
Lease liabilities	1,981,050	(1,451,252)	1,373,804	(362,639)	61,642	-	1,602,605
Capital grants	1,674,169	395,248	-	-	-	(410,860)	1,658,557
	<u>3,655,219</u>	<u>(1,056,004)</u>	<u>1,373,804</u>	<u>(362,639)</u>	<u>61,642</u>	<u>(410,860)</u>	<u>3,261,162</u>

2020	Beginning of financial year S\$	Cash flows S\$	Non-cash changes				End of financial year S\$
			Acquisition S\$	Termination S\$	Accretion of interests S\$	Amorti- sation S\$	
Lease liabilities	2,185,035	(1,315,611)	1,063,079	-	48,547	-	1,981,050
Capital grants	2,095,450	240,000	-	-	-	(661,281)	1,674,169
	<u>4,280,485</u>	<u>(1,075,611)</u>	<u>1,063,079</u>	<u>-</u>	<u>48,547</u>	<u>(661,281)</u>	<u>3,655,219</u>

The effective interest rate of the finance lease liability was between 2.0% to 3.2% (2020: 2.7% and 2.85%) per annum. The Society's obligations under the finance lease were secured by the lessor's title to the leased asset.

The Society as a lessor

The Society has entered into operating leases on its investment properties and photocopier to a third party. The lease of investment properties is negotiated for terms of three years. All leases include a clause to enable upward revision of rental charge on an annual basis according to prevailing market conditions. The lease is also required to provide a residual value guarantee on the properties.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. Lease liability (continued)

Rental income from investment properties and photocopier is disclosed in Note 18.

The future minimum rental receivables under non-cancellable operating leases contracted for at the reporting period are as follows:

	2021 S\$	2020 S\$
No later than one year	160,000	240,000
Later than one year but not later than five years	-	160,000
	<u>160,000</u>	<u>400,000</u>

16. Trade payables

	2021 S\$	2020 S\$
Third parties	436,353	407,943
Related parties	150,535	249,701
	<u>586,888</u>	<u>657,644</u>

Trade payables are interest free, unsecured and are repayable on demand.

17. Accruals and other payables

	2021 S\$	2020 S\$
Accruals	823,281	906,390
CFP Payable	198,910	177,344
Deposits and advances received	355,590	391,275
Medifund payable	314,977	491,941
Deferred income	175,000	34,733
Amount due to Homes' residents	12,259	31,409
Resident savings	-	142,692
Other payables	389,937	319,417
	<u>2,269,954</u>	<u>2,495,201</u>
GST payable	80,188	94,957
	<u>2,350,142</u>	<u>2,590,158</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. Income, direct expenses and operating expenses

Disaggregation of income

	2021	2020
	S\$	S\$
<u>Income:</u>		
Amortisation of capital grant	410,860	661,281
Donations received	9,369,274	8,031,801
Fees income	11,079,048	10,635,781
Fund raising	696,023	949,087
Grants received	7,066,221	8,576,780
Interest income	31,928	127,061
Covid-19 rent concession	175,452	322,008
Mosque collections	2,864	3,132
Other income	1,148,937	1,981,254
Projects/ events income	691,913	535,899
Rental income	252,936	243,360
Subscription fees received	644	1,121
	<u>30,926,100</u>	<u>32,068,565</u>

Grants received are from the Government of Singapore to meet the Society's operating expenditure.

	2021	2020
	S\$	S\$
<u>Type of service:</u>		
Donation, Fundraising income & Other income	12,320,515	12,163,575
Rental income	252,936	243,360
Grants, Fees income & Interest income	18,352,649	19,661,630
	<u>30,926,100</u>	<u>32,068,565</u>

	2021	2020
	S\$	S\$
<u>Timing of transfer of service:</u>		
Over time	18,605,585	19,904,990
At a point in time	12,320,515	12,163,575
	<u>30,926,100</u>	<u>32,068,565</u>

	2021	2020
	S\$	S\$
<u>Direct expenses:</u>		
Direct expenses – residents' /students' meals, groceries,	<u>4,781,519</u>	<u>4,837,416</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. Income, direct expenses and operating expenses (continued)

	2021	2020
	S\$	S\$
<u>Staff costs:</u>		
Allowance	197,916	590,436
Bonus and ex-gratia	840,843	891,581
Casual/General labour	251,152	246,324
CPF, SDF and FWL	2,207,608	2,028,734
Insurance	133,194	183,355
Medical expenses	36,430	4,242
Salaries	12,102,167	11,117,465
Training and recruitment expenses	144,168	152,742
Welfare - meals and uniform	512,935	653,284
Provision for leave pay	37,699	235,536
Travelling expenses	-	9,900
Total employee benefit expense	<u>16,464,112</u>	<u>16,113,599</u>

Included in staff costs is a total sum of S\$810,562 (2020: S\$629,138) comprising salary, bonus and ex-gratia, and CPF contributions paid in respect of key management personnel who are members of the Executive Council of the Society.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. Income, direct expenses and operating expenses (continued)

	2021 S\$	2020 S\$
<u>Other operating expenses:</u>		
Advertisement and publicity	104,247	33,992
Allowance for expected credit losses	213,072	328,302
Amortisation of intangible assets	28,508	21,749
Audit fee – current year	136,600	209,500
Audit fee – prior year	-	8,750
Bad debts written off	4,040	109,544
Bank charges	82,314	86,753
Bursary expenses	-	4,500
Computer and other equipment maintenance	128,919	131,568
Consultancy fee	362,483	344,100
Depreciation on investment property	96,559	96,559
Depreciation on property, plant and equipment	2,431,790	2,547,528
Donation outwards	1,000	19,660
Electricity and water	668,945	458,714
Entertainment and refreshment expenses	27,115	20,297
Equipment expenses	42,609	24,737
Event and project expenses	24,074	250
Exchange loss	322	21
Felicitation & appreciation	9,566	20
Fines and penalty	-	325
General meeting and other expenses	9,194	18,432
Gifts and sponsorships	1,362	477
Goods and services tax	492,744	448,468
Housekeeping and cleaning	479,885	422,636
Information technology & software related expenses	2,533	1,815
Insurance	16,309	25,364
Interest charges	61,642	57,192
Landscaping expenses	2,000	-
Lease photocopier rental	35,628	26,343
License fee	11,203	5,629
Loss on disposal of property, plant and equipment	223,763	54,491
Low value assets expensed off	8,330	6,083
Medical expenses	45	185
Miscellaneous expenses	4,431	11,118
Motor vehicle expenses	169,057	172,785
Newspaper and periodicals	2,099	2,255
Office equipment expenses	10,124	6,945
Office miscellaneous expenses	2,664	(22,804)
Photography expenses	1,240	3,152
Printing and stationery	115,565	113,869
Professional/ Accounting fees	120,817	135,819
Property tax	16,920	16,920
Refreshment expenses	3,439	1,173
Rent expenses	93,977	77,920
Repairs and maintenance	330,813	252,757
Repatriation expenses	4,686	523
Security services	109,290	51,461
Subscription fee	1,977	1,354
Telephone, postage and fax	86,647	90,475
Transport and travelling charges	91,189	119,766
Upkeep of building maintenance	71,067	73,409
	<u>6,942,803</u>	<u>6,622,881</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. Income statement by division

	DIVISIONS												Total S\$
	Jamiyah Education Centre S\$	Jamiyah Children's Home S\$	Jamiyah Home for the Aged S\$	Jamiyah Halfway House S\$	Jamiyah Nursing Home S\$	Jamiyah Child Care Centre S\$	Clementi Student Care Centre S\$	West Coast Student Service Centre S\$	Rivervale Student Care Centre S\$	Global Child Development Centre – Woodlands Centre S\$	Global Child Development Centre – Tampines Centre S\$	Jamiyah Kindergarten S\$	
2021													
Income	614,362	1,226,179	2,508,650	2,163,756	9,961,355	662,868	85,162	-	111,896	491,114	805,814	471,316	19,102,472
Less: Direct expenses	(289,020)	(181,297)	(548,431)	(278,316)	(1,571,907)	(124,355)	(23,314)	-	(50,222)	(68,166)	(115,244)	(207,983)	(3,458,255)
Less: Staff costs	(234,319)	(1,447,299)	(1,376,986)	(1,061,289)	(5,430,576)	(653,523)	(104,014)	-	(188,000)	(416,127)	(652,412)	(311,540)	(11,876,085)
Less: Other operating expenses	(688,392)	(905,871)	(464,988)	(367,034)	(2,244,434)	(204,472)	(157,763)	(13,989)	(100,484)	(151,390)	(229,166)	(122,630)	(5,650,613)
Profit/(Loss) for the financial year from operating activities	(597,369)	(1,308,288)	118,245	457,117	714,438	(319,482)	(199,929)	(13,989)	(226,810)	(144,569)	(191,008)	(170,837)	(1,882,481)
2020													
Income	725,662	2,739,423	2,751,462	2,213,559	9,983,059	822,578	85,856	-	157,350	516,636	893,093	633,292	21,521,970
Less: Direct expenses	(259,448)	(412,554)	(637,182)	(270,777)	(1,642,864)	(123,218)	(15,413)	-	(46,208)	(57,430)	(122,986)	(214,405)	(3,802,485)
Less: Staff costs	(332,885)	(1,519,209)	(1,515,246)	(1,158,204)	(5,237,790)	(680,871)	(106,248)	-	(172,679)	(374,241)	(599,239)	(371,882)	(12,068,494)
Less: Other operating expenses	(568,337)	(889,555)	(328,844)	(222,914)	(1,984,174)	(209,470)	(38,555)	(16,904)	(40,803)	(117,010)	(172,254)	(84,337)	(4,673,157)
Profit/(Loss) for the financial year from operating activities	(435,008)	(81,895)	270,190	561,664	1,118,231	(190,981)	(74,360)	(16,904)	(102,340)	(32,045)	(1,386)	(37,332)	977,834

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. Financial risk management

(a) Financial risk management objectives and policies

Risk management is integral to the whole business of the Society. The Society has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Society's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Society's activities.

(b) Summary of financial instruments

	Financial assets at amortised cost S\$	Financial liabilities at amortised cost S\$	Non- financial instruments S\$	Total S\$
<u>2021</u>				
Property, plant and equipment	-	-	15,950,680	15,950,680
Intangible assets	-	-	252,958	252,958
Investment property	-	-	6,076,520	6,076,520
Amount due from related parties	312,981	-	-	312,981
Trade receivables	878,057	-	-	878,057
Inventories	-	-	99,290	99,290
Deposits, prepayments and other receivables	2,803,644	-	119,890	2,923,534
Cash and cash equivalents	35,153,306	-	-	35,153,306
	<u>39,147,988</u>	<u>-</u>	<u>22,499,338</u>	<u>61,647,326</u>
Trade payables	-	586,888	-	586,888
Accruals and other payables	-	1,819,552	530,590	2,350,142
Capital grants	-	-	1,658,557	1,658,557
Lease liability	1,602,605	-	-	1,602,605
	<u>1,602,605</u>	<u>2,406,440</u>	<u>2,189,147</u>	<u>6,198,192</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. Financial risk management (continued)

(b) Summary of financial instruments (continued)

	Financial assets at amortised cost S\$	Financial liabilities at amortised cost S\$	Non- financial instruments S\$	Total S\$
<u>2020</u>				
Property, plant and equipment	-	-	15,996,726	15,996,726
Intangible assets	-	-	186,971	186,971
Investment property	-	-	6,178,144	6,178,144
Amount due from related parties	351,981	-	-	351,981
Trade receivables	842,141	-	-	842,141
Inventories	-	-	100,407	100,407
Deposits, prepayments and other receivables	4,028,894	-	10,933	4,039,827
Cash and cash equivalents	32,353,069	-	-	32,353,069
	<u>37,576,085</u>	-	<u>22,473,181</u>	<u>60,049,266</u>
Trade payables	-	657,444	-	657,444
Accruals and other payables	-	2,164,150	426,008	2,590,158
Capital grants	-	-	1,674,169	1,674,169
Lease liability	-	1,981,050	-	1,981,050
	-	<u>4,802,644</u>	<u>2,100,177</u>	<u>6,902,821</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rate and equity prices will affect the Society's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Foreign exchange risk

The Society is not exposed significantly to risk associated with foreign currency exchange rate fluctuations as almost all bank balances are maintained in S\$ and transactions are substantially carried out in S\$.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. Financial risk management (continued)

(c) Market risk (continued)

ii) Interest rate risk

The only significant financial instruments that are subject to interest rate fluctuations are the fixed deposits.

A 50 basis point increase or decrease in the interest rates will increase or decrease the profit of the Division by approximately S\$ 44,059 (2020: S\$43,922).

(d) Credit risk

Credit risk is the risk of financial loss to the Society if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Society's trade, deposits and other receivables and amount due from related party.

The Society considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Society's current credit risk grading framework comprises the following categories:

Category	Definition	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL - credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Society's financial assets, as well as maximum exposure to credit risk:

	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
<u>2021</u>				
Trade receivables	Lifetime	1,175,279	(297,222)	878,057
Deposits, prepayments and other receivables	12-month	2,803,644	-	2,803,644
Amount due from related parties	12-month	322,903	(9,922)	312,981
		<u>4,301,826</u>	<u>(307,144)</u>	<u>3,994,682</u>

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. Financial risk management (continued)

(d) Credit risk (continued)

	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
<u>2020</u>				
Trade receivables	Lifetime	1,253,498	(411,357)	842,141
Deposits, prepayments and other receivables	12-month	4,028,894	-	4,028,894
Amount due from related parties	12-month	2,849,165	(2,497,184)	351,981
		<u>8,131,557</u>	<u>(2,908,541)</u>	<u>5,223,016</u>

Trade receivables:

For trade receivables, the Society applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Society determines the ECL using a provision matrix, estimated based on historical loss experience based on past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The following summarises the information about the credit risk exposure on the Society's trade receivables based on their past due status in terms of the provision matrix:

	<30 days S\$	31-60 days S\$	61-90 days S\$	91-120 days S\$	>120 days S\$	Total S\$
2021						
Gross carrying amount	337,558	154,832	138,599	39,389	504,901	1,175,279
ECL	20%	21%	23%	20%	33%	
2020						
Gross carrying amount	317,820	55,306	42,153	44,355	793,864	1,253,498
ECL	37%	50%	35%	42%	12%	

Deposits and other receivables and amount due from other divisions:

The Society assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which they operate and concluded that there has been no significant increase in credit risk since the initial recognition of the financial assets. Accordingly, the Society measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. Financial risk management (continued)

(e) Liquidity risk

The Society monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Society's operations and to meet its obligations as they fall due.

The tables below analyse the Society's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	2021			
	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	One to five years S\$
Trade payables	586,888	586,888	586,888	-
Accruals and other payables	2,350,142	2,350,142	2,350,142	-
Lease liability	1,602,605	1,675,376	707,234	968,142
	<u>4,539,635</u>	<u>4,612,406</u>	<u>3,644,264</u>	<u>968,142</u>

	2020			
	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	One to five years S\$
Trade payables	657,644	657,644	657,644	-
Accruals and other payables	2,590,158	2,590,158	2,590,158	-
Lease liability	1,981,050	2,105,380	1,271,475	833,905
	<u>5,228,852</u>	<u>5,353,182</u>	<u>4,519,277</u>	<u>833,905</u>

(f) Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. There are no differences between the fair values of both financial assets and liabilities and their respective carrying values as recorded in the statement of financial position due to their short-term nature or as disclosed in the notes specific to that asset or liability.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21. Significant related party balances and transactions

In addition to significant related party balances disclosed in Notes 7 and 16, the following transactions took place between the Society and related parties during the financial year at terms agreed between the parties:

Related party transactions shown in the accounts as:	Type of relationship between the Society and the related parties:	2021 S\$	2020 S\$
Direct expenses - residents' meals	Company with common key management personnel	1,554,361	1,619,481
Direct expenses - residents' education	Company with common key management personnel	353,505	399,566
Staff costs - staff meals, training, casual/general labour	Company with common key management personnel	727,391	1,109,150
Other operating expenses - entertainment, refreshment, transport, event & project and housekeeping & cleaning expenses	Company with common key management personnel	458,245	383,743

22. Contingent liabilities

As at the reporting date, the Society had contingent liabilities amounting to approximately S\$10,800 (2020: S\$10,800) in respect of bank guarantees issued in favour of third parties to guarantee the due performance of other divisions of the Society, secured against pledged fixed deposits (Note 11).

23. Tax exempt receipts

Tax exempt receipts were issued by the Society and its activity centres during the financial year for donations received amounting to S\$4,568,315 (2020: S\$3,911,751), which include those donations received via GIRO and from the Society's staff members through monthly salary deductions.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24. New or revised accounting standards and interpretations

The Society has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The Society expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

DETAILED STATEMENT OF FINANCIAL POSITION – BY IPC/NON-IPC ACTIVITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 Non-IPC JS <u>S\$</u>	2021 IPC JWF <u>S\$</u>	2021 Total JS and JWF <u>S\$</u>
ASSETS			
Non-current assets			
Property, plant and equipment	7,832,473	8,118,207	15,950,680
Investment property	6,076,520	-	6,076,520
Intangible assets	1,983	250,975	252,958
Amount due from related party	312,981	-	312,981
	<u>14,223,957</u>	<u>8,369,182</u>	<u>22,593,139</u>
Current assets			
Inventories	-	99,290	99,290
Trade receivables	19,714	858,343	878,057
Deposits and other receivables	238,690	2,684,844	2,923,534
Amount due from other divisions	13,287,747	26,229,453	39,517,200
Cash and cash equivalents	23,062,582	12,090,724	35,153,306
	<u>36,608,733</u>	<u>41,962,654</u>	<u>78,571,387</u>
Total assets	<u><u>50,832,690</u></u>	<u><u>50,331,836</u></u>	<u><u>101,164,526</u></u>
FUNDS AND LIABILITIES			
Funds			
Unrestricted funds	40,907,366	11,579,135	52,486,501
Restricted funds	1,535,139	1,427,494	2,962,633
	<u>42,442,505</u>	<u>13,006,629</u>	<u>55,449,134</u>
LIABILITIES			
Non-current liabilities			
Finance lease liability	20,712	896,982	917,694
Capital grants	-	1,340,974	1,340,974
	<u>20,712</u>	<u>2,237,956</u>	<u>2,258,668</u>
Current liabilities			
Capital grants	-	317,583	317,583
Trade payables	53,274	533,614	586,888
Accruals and other payables	587,693	1,762,451	2,350,144
Amount due to other divisions	157	11,302,133	11,302,290
Amount due to Headquarters	7,597,804	20,617,104	28,214,908
Finance lease liability	130,545	554,366	684,911
	<u>8,369,473</u>	<u>35,087,251</u>	<u>43,456,724</u>
Total liabilities	<u>8,390,185</u>	<u>37,325,207</u>	<u>45,715,392</u>
Total funds and liabilities	<u><u>50,832,690</u></u>	<u><u>50,331,836</u></u>	<u><u>101,164,526</u></u>

This statement does not form part of the audited financial statements.

THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

STATEMENT OF COMPREHENSIVE INCOME – BY IPC/NON-IPC ACTIVITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 Non-IPC JS	2021 IPC JWF	2021 Total JS and JWF
	S\$	S\$	S\$
Income	7,030,533	23,895,567	30,926,100
Direct expenses	(933,898)	(3,847,621)	(4,781,519)
Staff costs	(2,537,933)	(13,926,179)	(16,464,112)
Other operating expenses	(1,941,337)	(5,001,466)	(6,942,803)
Profit before tax	1,617,365	1,120,301	2,737,666
Income tax expense	-	-	-
Profit for the financial year	1,617,365	1,120,301	2,737,666
General fund at the beginning of the financial year	39,290,001	10,910,152	50,200,153
Transfer of funds	-	(451,318)	(451,318)
General fund at the end of the financial year	40,907,366	11,579,135	52,486,501

Legend: JS (Non-IPC) – Jamiyah Singapore, the non-IPC arm of the Society
JWF (IPC) – Jamiyah Welfare Fund, the IPC arm of the Society