

**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 2019**

# 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

H.M. Saleem

Mohd Yunus bin Mohamed Shariff

Isa Hassan

### HEAD OF THE DIVISION

Abdul Jaffar bin Mohamed Mydin

### REGISTERED OFFICE

31 Lorong 12 Geylang,  
Singapore 399006.

### SECRETARY GENERAL

Abdul Jaffar bin Mohamed Mydin

### AUDITORS

Reanda Adept PAC  
138 Cecil Street  
#06-01 Cecil Court  
Singapore 069538

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# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## Statement by the Executive Council

For the financial year ended 31 December 2019

We, the Executive Council of **THE MUSLIM MISSIONARY SOCIETY, SINGAPORE ("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 (Cap.311), the Singapore Charities Act (Cap. 37) 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 2019 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



MUSTAFA DUMIDAE  
Treasurer General

Singapore,  
29 August 2020

**THE MUSLIM MISSIONARY SOCIETY, SINGAPORE**  
**INDEPENDENT AUDITOR'S REPORT**  
**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 2019, 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 (Cap. 311), the Singapore Charities Act (Cap. 37) 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 2019, 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)**  
**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.

**THE MUSLIM MISSIONARY SOCIETY, SINGAPORE**  
**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF THE MUSLIM MISSIONARY SOCIETY, SINGAPORE (CONTINUED)**

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 (Cap. 311) 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 2019 have been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Singapore Societies Act (Cap 311) 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,  
29 August 2020

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	NOTE	2019 S\$	2018 (Restated) S\$	2017 (Restated) S\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	17,120,587	15,674,582	15,967,784
Intangible assets	5	158,569	79,706	89,176
Investment property	6	6,279,768	6,381,392	6,483,016
Amount due from related parties	7	363,498	364,025	349,632
		<b>23,922,422</b>	<b>22,499,705</b>	<b>22,889,608</b>
<b>Current assets</b>				
Trade receivables	8	1,323,574	1,039,678	1,091,649
Inventories	9	316,974	147,785	328,163
Deposits and other receivables	10	2,868,574	4,307,937	3,291,246
Cash and cash equivalents	11	28,619,544	26,555,414	26,402,698
		<b>33,128,666</b>	<b>32,050,814</b>	<b>31,113,756</b>
<b>Total assets</b>		<b>57,051,088</b>	<b>54,550,519</b>	<b>54,003,364</b>
<b>FUNDS AND LIABILITIES</b>				
<b>Funds</b>				
Restricted funds	12	1,970,985	2,224,296	1,853,442
Unrestricted funds		47,621,844	46,260,420	46,768,667
<b>Total funds</b>		<b>49,592,829</b>	<b>48,484,716</b>	<b>48,622,109</b>
<b>Non-current liabilities</b>				
Capital grants	14	1,449,592	2,097,397	2,228,794
Lease liability	15	1,192,441	11,152	3,988
		<b>2,642,033</b>	<b>2,108,549</b>	<b>2,232,782</b>
<b>Current liabilities</b>				
Trade payables	16	498,452	931,926	987,747
Accruals and other payables	17	2,329,534	2,374,829	1,572,703
Capital grants	14	645,858	646,362	586,911
Lease liability	15	1,342,382	4,137	1,112
		<b>4,816,226</b>	<b>3,957,254</b>	<b>3,148,473</b>
<b>Total equity and liabilities</b>		<b>57,051,088</b>	<b>54,550,519</b>	<b>54,003,364</b>

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 2019

	NOTE	2019 S\$	2018 S\$ (Restated)
Income	18	28,964,656	27,812,066
Direct expenses	18	(5,438,141)	(5,389,361)
Staff costs	18	(15,286,608)	(14,809,051)
Other operating expenses	18	(6,608,893)	(7,532,775)
<b>Profit before tax</b>		<b>1,631,014</b>	<b>80,879</b>
Income tax expense	19	-	-
<b>Profit for the financial year</b>		<b>1,631,014</b>	<b>80,879</b>
Other comprehensive income Movement in restricted funds		(522,901)	(218,272)
<b>Total comprehensive income/(loss) for the financial year</b>		<b>1,108,113</b>	<b>(137,393)</b>

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 2019

	Restricted funds (Note 12) S\$	Unrestricted funds		Total S\$
		Designated funds (Note 13) S\$	General fund S\$	
Balance as at 1 January 2018	1,853,442	765,000	46,003,667	48,622,109
Total comprehensive income/(loss) for the financial year	(218,272)	-	69,182	(149,090)
Balance as at 31 December 2018	1,635,170	765,000	46,072,849	48,473,019
Prior year restatement	-	-	11,697	11,697
Transfer of funds (Restated)	589,126	-	(589,126)	-
Balance at 31 December 2018 (Restated)	2,224,296	765,000	45,495,420	48,484,716
Total comprehensive income/(loss) for the financial year	(522,901)	-	1,631,014	1,108,113
Transfer of funds	269,590	-	(269,590)	-
Balance as at 31 December 2019	1,970,985	765,000	46,856,844	49,592,829

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 2019

	NOTE	2019 S\$	2018 (Restated) S\$
<b>Cash flows from operating activities</b>			
Profit before tax		1,631,014	80,879
<u>Adjustments for:</u>			
Depreciation on investment property		101,624	101,624
Depreciation on property, plant and equipment		2,934,902	1,433,069
Amortisation of intangible asset		14,637	9,470
Loss on disposal of property, plant and equipment		20,754	-
Amortisation of capital grant		(643,281)	(643,784)
Movement in restricted and unrestricted funds		(522,901)	(218,272)
Interest income		(167,311)	(129,219)
Interest expense		37,409	-
		<u>3,406,847</u>	<u>633,767</u>
<b>Operating cash flow before working capital changes</b>			
<u>Changes in working capital:</u>			
Inventories		(169,189)	180,378
Capital grant received		(5,028)	594,507
Adjustment of capital grant recognised		-	(22,669)
Amount due from related parties		527	(14,393)
Trade receivables		(283,896)	51,971
Deposits and other receivables		1,439,362	(1,016,691)
Trade payables		(433,473)	(55,821)
Accruals and other payables		(45,295)	802,126
<b>Net cash generated from operating activities</b>		<u>3,909,855</u>	<u>1,153,175</u>
<b>Cash flow from investing activities</b>			
Interest received		167,311	129,219
Purchase of property, plant and equipment		(546,958)	(1,129,678)
Purchase of intangible assets		(93,500)	-
Proceeds from disposal of property, plant and equipment		6,034	-
<b>Net cash used in investing activities</b>		<u>(467,113)</u>	<u>(1,000,459)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(37,409)	-
Increase in fixed deposits pledged		-	(162)
Repayment of lease liabilities		(1,341,203)	-
<b>Net cash used in financing activities</b>		<u>(1,378,612)</u>	<u>(162)</u>
<b>Net increase in cash and cash equivalents</b>		2,064,130	152,554
Cash and cash equivalents at the beginning of financial year		26,230,304	26,077,750
<b>Cash and cash equivalents at the end of financial year</b>	11	<u>28,294,434</u>	<u>26,230,304</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 2019

### 1. Domicile and activities

**THE MUSLIM MISSIONARY SOCIETY, SINGAPORE**, also known as Jamiyah Singapore ("Society") is registered under the Singapore Societies Act, Cap. 311 and is also a charity under the Singapore Charities Act, Cap. 37. 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 December 2019 to 30 November 2020. 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 2019

### 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.

### 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 2019. 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:

##### *FRS 116 Leases*

FRS 116 Leases supersedes FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases-Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. The Society adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Society elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Society applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 2. Summary of significant accounting policies (continued)

#### 2.2 Adoption of new and amended standards and interpretations (continued)

The effect of adoption FRS 116 as at 1 January 2019 was as follows:

	Increase/(decrease) S\$
Property, plant and equipment	2,239,511
Lease liabilities	2,239,511
Retained earnings	-

The Society has lease contracts for leasehold land, building and equipment. Before the adoption of FRS 116, the Society classified each of its leases (as lessee) at the inception date as operating and finance leases where applicable.

Upon adoption of FRS 116, the Society applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Society.

#### Leases previously accounted for as operating leases

The Society recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of the initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

#### 2.3 Functional and presentation currency

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

#### 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

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### **2. Summary of significant accounting policies (continued)**

#### **2.4 Property, plant and equipment (continued)**

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 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 MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 2. Summary of significant accounting policies (continued)

#### 2.6 Intangible assets (continued)

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.

###### 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.

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### **2. Summary of significant accounting policies (continued)**

#### **2.7 Financial instruments (continued)**

##### **(a) Financial assets (continued)**

###### 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 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.



# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 2. Summary of significant accounting policies (continued)

#### 2.7 Financial instruments (continued)

##### (b) Financial liabilities (continued)

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.

##### 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.

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 2. Summary of significant accounting policies (continued)

#### 2.9 Lease

*These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019:*

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.

##### **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 2019

### **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.

*These accounting policies are applied before the initial application date of FRS 116, 1 January 2019:*

##### When the Society is the lessee

The Society leases office premises, apartments, motor vehicles and office equipment under operating leases from non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the income statement on a straight-line basis over the period of the lease.

Contingent rentals are recognised as an expense in the statement of comprehensive income when incurred.

#### **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.

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 2. Summary of significant accounting policies (continued)

#### 2.10 Revenue recognition (continued)

(i) *Donations (continued)*

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.

(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:

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### **2. Summary of significant accounting policies (continued)**

#### **2.11 Provisions (continued)**

- (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.

#### **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.

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### **2. Summary of significant accounting policies (continued)**

#### **2.13 Employee benefits (continued)**

##### *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, Cap. 134, the Society's income is not subject to any tax.

#### **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);

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 2. Summary of significant accounting policies (continued)

#### 2.17 Related parties (continued)

- (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); and
- (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).
- (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.

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

#### 3.1 Critical accounting estimates and assumptions (continued)

- (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.

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

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.



# **THE MUSLIM MISSIONARY SOCIETY, SINGAPORE**

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

#### **3.1 Critical accounting estimates and assumptions (continued)**

##### *(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.

#### **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 2019

### 4. Property, plant and equipment

	Bedding and medical equipment	Computer equipment	Computer software	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
2019	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>Cost</u>														
At beginning of financial year	535,199	909,708	-	517,987	9,507,297	6,491,961	-	-	-	694,269	1,302,934	14,236	8,975,413	28,949,004
Effect of adopting FRS 116	-	-	-	-	-	-	1,237,229	786,217	221,265	(5,200)	-	-	-	2,239,511
At beginning of financial year (restated)	535,199	909,708	-	517,987	9,507,297	6,491,961	1,237,229	786,217	221,265	689,069	1,302,934	14,236	8,975,413	31,188,515
Additions	70,571	41,261	2,480	6,000	-	-	-	1,621,226	-	173,750	25,121	44,708	183,067	2,168,184
Disposals	-	(18,445)	-	-	-	-	-	-	-	(23,924)	-	-	-	(42,369)
At end of financial year	605,770	932,524	2,480	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
<u>Accumulated depreciation</u>														
At beginning of financial year	141,122	435,082	-	190,829	2,059,166	4,132,347	-	-	-	341,291	664,336	1,055	5,309,194	13,274,422
Charge for the year	58,709	77,000	-	48,647	95,073	240,443	446,518	951,841	34,975	65,849	90,869	2,942	822,036	2,934,902
Disposals	-	(3,371)	-	-	-	-	-	-	-	(11,573)	-	(637)	-	(15,581)
At end 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
<u>Carrying value</u>														
At end of financial year	405,939	423,813	2,480	284,511	7,353,058	2,119,171	790,711	1,455,602	186,290	443,328	572,850	55,584	3,027,250	17,120,587

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 4. Property, plant and equipment (continued)

	Bedding and medical equipment	Computer equipment	Furniture and fittings	Leasehold property	Freehold property	Machinery and equipment	Motor vehicles	Renovation	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>2018 (Restated)</b>									
<u>Cost</u>									
At beginning of financial year	353,654	839,487	515,215	6,491,961	9,507,297	645,970	1,111,961	8,343,592	27,809,137
Additions	181,545	84,457	2,772	-	-	48,300	190,973	631,820	1,139,867
At end of financial year	535,199	923,944	517,987	6,491,961	9,507,297	694,270	1,302,934	8,975,412	28,949,004
<u>Accumulated depreciation</u>									
At beginning of financial year	98,534	358,300	142,490	3,891,904	1,964,093	288,085	573,164	4,524,783	11,841,353
Charge for the year	42,588	77,836	48,339	240,443	95,073	53,206	91,171	784,413	1,433,069
At end of financial year	141,122	436,136	190,829	4,132,347	2,059,166	341,291	664,335	5,309,196	13,274,422
<u>Carrying value</u>									
At end of financial year	394,077	487,808	327,158	2,359,614	7,448,131	352,979	638,599	3,666,216	15,674,582

	2019	2018
	S\$	S\$
Charge for the financial year to Statement of Comprehensive Income - General fund	2,658,301	1,391,697
Charge for the financial year to Restricted fund	276,601	41,371
	<u>2,934,902</u>	<u>1,433,068</u>

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 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 Yunus Bin Mohamed Shariff who were appointed on 12 October 2015 pursuant to the Extraordinary General Meeting of the Society on that date.

### 5. Intangible assets

	2019 S\$	2018 S\$ (Restated)
<u>Acquired computer software</u>		
<b>Cost</b>		
At beginning of financial year	94,700	94,700
Additions	93,500	-
At end of financial year	<u>188,200</u>	<u>94,700</u>
<b>Accumulated amortisation</b>		
At beginning of financial year	14,994	5,524
Charge for the year	14,637	9,470
At end of financial year	<u>29,631</u>	<u>14,994</u>
<b>Carrying value</b>		
At end of financial year	<u>158,569</u>	<u>79,706</u>

### 6. Investment property

	2019 S\$	2018 S\$
<b><u>Cost</u></b>		
At beginning of the financial year	6,961,818	6,961,818
Addition during the year	-	-
At end of financial year	<u>6,961,818</u>	<u>6,961,818</u>
<b><u>Accumulated Depreciation</u></b>		
At beginning of the financial year	580,426	478,802
Charge for the year	101,624	101,624
At end of the financial year	<u>682,050</u>	<u>580,426</u>
<b><u>Carrying value</u></b>		
At end of the financial year	<u>6,279,768</u>	<u>6,381,392</u>

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 6. Investment property (continued)

	2019 S\$	2018 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 2019 from its investment property, which is leased out to a third party under an operating lease, is \$240,000 (2018: \$240,000).

The fair value of the investment property was S\$8,160,000 based on an independent valuation report dated 22 March 2013 prepared by Colliers International Consultancy & Valuation (Singapore) Pte Ltd. In the opinion of the Management, the investment property is not impaired in value based on reference to 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

	2019 S\$	2018 S\$
Amount due from related parties	2,860,682	3,255,833
Less: Expected credit losses		
At beginning of the financial year	(2,891,808)	(2,542,176)
Charge for the financial year (Note 19)	-	(349,632)
Reversal during the financial year	394,624	-
At the end of the financial year	<u>(2,497,184)</u>	<u>(2,891,808)</u>
	<u>363,498</u>	<u>364,025</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 2019

### 8. Trade receivables

	2019 S\$	2018 S\$
Third parties	1,976,584	2,105,197
Less: Allowance for expected credit losses	(653,010)	(1,065,519)
	<u>1,323,574</u>	<u>1,039,678</u>

#### Movement in allowance for expected credit losses:

	2019 S\$	2018 S\$
At beginning of financial year	(1,065,519)	(634,869)
Charge for the financial year	(533,282)	(481,707)
Correction of errors made in the prior years	(2,602)	-
Bad debts recovery	1,058	10,146
Written-off	947,335	40,911
At end of financial year	<u>(653,010)</u>	<u>(1,065,519)</u>

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

### 9. Inventories

	2019 S\$	2018 S\$
<u>Statement of financial position</u>		
Finished goods (merchandise comprising uniforms, t-shirt, hat, prayer mat, flyer holder and azan clock)	20,587	33,299
Finished goods - donated items	<u>296,387</u>	<u>114,486</u>
	<u>316,974</u>	<u>147,785</u>

#### Statement of comprehensive income

Inventories recognised as an expense in direct expenses	22,970	312,274
Inventories recognised as an expense in Foodbank Restricted Fund (Note 12)	<u>1,444,015</u>	<u>1,481,901</u>

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 10. Deposits and other receivables

	2019 S\$	2018 S\$
Deposits	352,001	386,431
Interest receivable	79,387	-
Staff advance	-	1,222
Grant receivables	2,330,115	3,544,518
Other receivables	78,896	223,081
	<u>2,840,399</u>	<u>4,155,252</u>
Prepayment	22,789	58,639
GST recoverable	5,386	94,046
	<u>2,868,574</u>	<u>4,307,937</u>

### 11. Cash and cash equivalents

	2019 S\$	2018 S\$
Fixed deposits	16,767,313	10,945,288
Fixed deposits (pledged) #	325,110	325,110
Cash at bank	11,499,561	15,256,856
Cash on hand	27,560	28,160
Cash and cash equivalents as per statement of financial position	<u>28,619,544</u>	<u>26,555,414</u>
Less: Fixed deposits – pledged #	<u>(325,110)</u>	<u>(325,110)</u>
Cash and cash equivalents as per statement of cash flows	<u>28,294,434</u>	<u>26,230,304</u>

Fixed deposits bear average effective interest rates between 0.05% and 1.63% (2018: 0.05% and 1.63%) per annum and for various tenures ranging from 30 days to 1 year (2018: 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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 12. Restricted funds

2019

As at 31.12.2018

	BF	CRF	C&S	CST	EF	IDB	LF	MANNA	IE	SBL	YR	BRF	FB	TOTAL
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
	281,924	26,389	462,191	50,001	100,000	394,140	21,035	772,206	17,100	75,550	23,760	-	-	2,224,296
Grants received	-	-	-	-	-	-	-	-	-	-	-	1,200	-	1,200
Donations received	-	-	-	-	-	-	-	-	-	-	-	-	86	86
Value of donated inventory items received	-	-	-	-	-	-	-	-	-	-	-	-	1,625,917	1,625,917
Value of donated inventory items distributed to beneficiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,444,015)	(1,444,015)
Operating expenses	-	-	-	-	-	(465)	-	-	-	-	-	-	(216,348)	(216,813)
Depreciation charged *	(46,436)	-	-	-	-	-	-	-	-	-	-	-	(235,230)	(281,666)
Appropriation to grants in Income Statement	-	-	(210,670)	-	-	-	-	-	-	-	-	-	-	(210,670)
Loans repaid by students	-	-	-	-	-	3,060	-	-	-	-	-	-	-	3,060
Transfer of funds from General Fund	-	-	-	-	-	-	-	-	-	-	-	-	269,590	269,590
Movement for financial year	(46,436)	-	(210,670)	-	-	2,595	-	-	-	-	-	1,200	-	(253,311)
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



# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 12. Restricted funds (continued)

Restated 2018	BF S\$	CRF S\$	C&S S\$	CST S\$	EF S\$	IDB S\$	LF S\$	MANNA S\$	IE S\$	SBL S\$	YR S\$	FB S\$	TOTAL S\$
As at 31.12.2017	328,360	26,389	-	14,297	100,000	391,525	21,035	772,206	17,100	75,550	23,760	83,220	1,853,442
Grants received	-	-	585,000	316,651	-	-	-	-	-	-	-	-	901,651
Donations received	-	-	-	-	-	-	-	-	-	-	-	25,762	25,762
Value of donated inventory items received	-	-	-	-	-	-	-	-	-	-	-	1,284,107	1,284,107
Value of purchased inventory items distributed to beneficiaries	-	-	-	-	-	-	-	-	-	-	-	(19,270)	(19,270)
Value of donated inventory items distributed to beneficiaries	-	-	-	-	-	-	-	-	-	-	-	(1,462,631)	(1,462,631)
Operating expenses	-	-	-	-	-	(25)	-	-	-	-	-	(500,314)	(500,339)
Depreciation charged *	(46,436)	-	-	-	-	-	-	-	-	-	-	-	(46,436)
Appropriation to grants in Income Statement	-	-	(122,809)	(280,947)	-	-	-	-	-	-	-	-	(403,756)
Loans repaid by students	-	-	-	-	-	2,640	-	-	-	-	-	-	2,640
Movement for financial year	(46,436)	-	462,191	35,704	-	2,615	-	-	-	-	-	(672,346)	(218,272)
Transfer of funds (Restated)	-	-	-	-	-	-	-	-	-	-	-	589,126	589,126
<b>As at 31.12.2018 (Restated)</b>	<b>281,924</b>	<b>26,389</b>	<b>462,191</b>	<b>50,001</b>	<b>100,000</b>	<b>394,140</b>	<b>21,035</b>	<b>772,206</b>	<b>17,100</b>	<b>75,550</b>	<b>23,760</b>	<b>-</b>	<b>2,224,296</b>

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 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 2019

### 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.

	2019 S\$	2018 S\$
<u>*Depreciation charged</u>		
Depreciation of renovation (from property, plant and equipment) charged (Note 5)	41,371	41,371
Depreciation of right of use lease building (Note 5)	235,230	-
Depreciation of investment property charged (Note 6)	5,065	5,065
Depreciation charged *	<u>281,666</u>	<u>46,436</u>

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 13. Designated funds

	2019 S\$	2018 S\$
King Faizal Education Fund	765,000	765,000

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.

	2019 S\$	2018 S\$
Balance at 1 January	6,083,989	6,404,340
Capital grants received during the year	(4,635)	594,507
	<u>6,079,354</u>	<u>6,998,847</u>
<u>Less:</u>		
-Amortisation of capital grants	(3,961,235)	(4,232,419)
- Adjustment due to variation in capital grants recognised	(22,669)	(22,669)
Balance at 31 December	<u>2,095,450</u>	<u>2,743,759</u>
Current portion	645,858	646,362
Non-current portion	1,449,592	2,097,397
Balance at the end of the year	<u>2,095,450</u>	<u>2,743,759</u>
	<b>2019 S\$</b>	<b>2018 S\$</b>
<u>Movement in accumulated amortisation</u>		
Balance at the beginning of the year	3,317,954	3,588,635
Amortisation during the year	643,281	643,784
Balance at the end of the year	<u>3,961,235</u>	<u>4,232,419</u>

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 15. Lease liability

	2019 S\$	2018 S\$
Current lease liabilities	1,342,382	4,137
Non-current lease liabilities	1,192,441	11,152
	<u>2,534,823</u>	<u>15,289</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 2019	1,237,229	786,217	221,265	2,244,711
Additions	-	1,621,226	-	1,621,226
Depreciation	(446,518)	(951,841)	(34,975)	(1,433,334)
At 31 December 2019	<u>790,711</u>	<u>1,455,602</u>	<u>186,290</u>	<u>2,432,603</u>

#### (b) Amounts recognised in profit or loss

	2019 S\$	2018 S\$
Depreciation of right-of-use assets	1,433,334	520.00
Interest expense on lease liabilities	37,409	159.00
Lease expenses not capitalised in lease liabilities		
- Expenses relating to leases of low-value assets	26,888	-
- Expenses relating to short-term leases	113,290	-
The amount recognised in profit or loss	<u>1,610,921</u>	<u>-</u>

#### (c) Total cash outflows

	2019 S\$	2018 S\$
Total cash flows for leases	<u>1,378,612</u>	<u>-</u>

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 15. Lease liability (continued)

#### (d) Finance lease liabilities

	Minimum lease payments S\$	Present value S\$
<b>2018</b>		
Not later than 1 year	4,712	4,137
Between 1 and 5 years	12,672	11,152
	17,384	15,289
Less: Future finance charges	(2,095)	-
Present value of lease liability	15,289	15,289

The effective interest rate of the finance lease liability was between 2.7% and 2.85% per annum. The Society's obligations under the finance lease was secured by the lessor's title to the leased asset. Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of FRS 116. The impact of adoption is disclosed in Note 2.2.

#### The Division 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.

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:

	2019 S\$	2018 S\$
<u>Lease as lessor</u>		
Withing 1 year	240,000	160,000
Between 2 and 5 years	400,000	-
	640,000	160,000

### 16. Trade payables

	2019 S\$	2018 S\$
Third parties	297,600	336,649
Related parties	200,852	595,277
	498,452	931,926

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 17. Accruals and other payables

	2019 S\$	2018 S\$ (Restated)
Accruals	682,283	543,081
CFP Payable	151,426	-
Deposits and advances received	353,875	249,566
Medifund payable	611,458	35,457
Deferred income	47,986	132,774
Amount due to Homes' residents	12,856	115,850
Resident savings	134,238	-
Other payables	251,067	1,123,164
	<u>2,245,189</u>	<u>2,199,892</u>
GST payable	84,345	174,937
	<u>2,329,534</u>	<u>2,374,829</u>

### 18. Income, direct expenses and operating expenses

#### Disaggregation of income

	2019 S\$	2018 S\$ (Restated)
<u>Income:</u>		
Amortisation of capital grant	643,281	643,784
Donations received	7,808,031	7,859,788
Fees income	11,196,229	10,411,489
Fund raising - flag day	46,126	45,540
Fund raising - street collection	746,790	1,186,469
Grants received	7,140,845	6,766,364
Interest income	167,311	123,637
Mosque collections	47,305	57,093
Other income	225,880	164,577
Projects/ events income	693,343	309,725
Rental income	248,640	240,000
Resident Pocket Money Income	-	3,600
Subscription fees received	875	-
	<u>28,964,656</u>	<u>27,812,066</u>

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

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

	2019 S\$	2018 S\$ (Restated)
<u>Type of service:</u>		
Donation, Fundraising income & Other income	10,211,631	9,626,792
Rental income	248,640	240,000
Grants, Fees income & Interest income	18,504,385	17,945,274
	<u>28,964,656</u>	<u>27,812,066</u>
	2019 S\$	2018 S\$ (Restated)
<u>Timing of transfer of service:</u>		
Over time	18,753,025	18,185,274
At a point in time	10,211,631	9,626,792
	<u>28,964,656</u>	<u>27,812,066</u>
	2019 S\$	2018 S\$
<u>Direct expenses:</u>		
Direct expenses – residents' /students' meals, groceries, medical, transport costs and the like	5,438,141	5,389,361
	2019 S\$	2018 S\$
<u>Staff costs:</u>		
Accommodation	-	1,010
Allowance	551,333	565,776
Bonus and ex-gratia	819,160	706,338
Casual/General labour	240,218	224,744
CPF, SDF and FWL	2,028,401	1,974,215
Insurance	216,031	103,016
Lecturers expenses	-	259,443
Medical expenses	22,923	36,985
Salaries	10,509,124	10,058,939
Training and recruitment expenses	150,388	147,292
Welfare - meals and uniform	713,775	708,579
Provision for leave pay	34,431	13,016
Travelling expenses	824	9,698
Total employee benefit expense	<u>15,286,608</u>	<u>14,809,051</u>

Included in staff costs is a total sum of S\$288,687 (2018: S\$520,411) 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 2019

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

	2019 S\$	2018 S\$ (Restated)
<u>Other operating expenses:</u>		
Advertisement and publicity	29,543	62,606
Amortisation of intangible assets	14,637	9,470
Audit fee – current year	233,324	217,350
Audit fee – prior year	7,996	35,996
Bad debts written off	20,998	7,576
Bank charges	74,538	51,336
Computer and other equipment maintenance	187,672	167,259
Consultancy fee	292,805	314,776
Depreciation on investment property	96,559	96,559
Depreciation on property, plant and equipment	2,658,301	1,391,697
Donation		14,112
Electricity and water	547,624	507,019
Entertainment and refreshment expenses	44,448	126,505
Event and project expenses	82,992	58,441
Exchange loss	803	10,850
Equipment expenses	34,025	76,201
Felicitation & appreciation	26,944	-
General meeting and other expenses	21,695	32,305
Goods and services tax	460,844	482,815
Housekeeping and cleaning	337,279	412,547
Allowance for expected credit losses	138,659	858,297
Information technology & software related	5,034	-
Insurance	36,721	33,466
Interest charges	37,409	298
Landscaping expenses	5,219	12,123
Lease photocopier rental	41,533	75,986
License fee	14,797	22,461
Loss on disposal of property, plant and equipment	20,754	-
Motor vehicle expenses	164,723	176,680
Newspaper and periodicals	2,841	2,701
Photography expenses	4,744	3,479
Printing and stationery	115,558	281,462
Professional/ Accounting fees	89,728	58,797
Property tax	16,320	15,271
Recreational activities	5,783	9,592
Rent expenses	202,984	1,384,142
Repairs and maintenance	212,161	145,502
Repatriation expenses	1,364	-
Strategic planning exercise	-	8,474
Student graduation expenses	-	2,647
Subscription fee	1,689	16,257
Telephone, postage and fax	72,129	86,364
Transport and travelling charges	213,954	184,903
Training expenses	70	-
Upkeep of building maintenance	31,692	78,453
	<u>6,608,893</u>	<u>7,532,775</u>

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

Included in other operating expenses are the following paid to/for key management personnel who are members of the Executive Council of the Society and/or to entities in which key management personnel have an interest in.

	2019 S\$	2018 S\$
Professional/ Accounting fees	-	14,120
Motor vehicle expenses	3,454	9,918
	<u>3,454</u>	<u>9,918</u>

### 19. Income tax

As the Society is exempt from income tax, pursuant to Section 13 (1) (zm) of the Income Tax Act, Cap. 134, 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 2019

### 20. Income statement by division

	DIVISIONS											
	West						Global Child Development Centre -			Global Child Development Centre -		
	Jamiyah Education centre	Jamiyah Children's Home	Jamiyah Home for the Aged	Jamiyah Halfway House	Jamiyah Nursing Home	Jamiyah Child Care Centre	Clementi Student Care Centre	Coast Student Servie Centre	Rivervale Student Care Centre	Development Centre - Woodlands	Development Centre - Tampines	Total
2019	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Income	626,462	2,425,299	2,231,982	2,535,066	9,345,601	781,850	41,344	-	184,436	375,243	833,026	19,948,004
Less: Direct expenses	(340,412)	(336,538)	(596,382)	(291,182)	(1,723,657)	(191,205)	(15,885)	-	(76,657)	(60,914)	(169,360)	(4,035,765)
Less: Staff costs	(473,772)	(1,215,815)	(1,481,139)	(1,054,776)	(4,705,320)	(653,450)	(115,481)	-	(165,142)	(397,044)	(699,811)	(11,382,342)
Less: Other operating expenses	(534,792)	(904,010)	(348,111)	(408,108)	(2,028,494)	(217,798)	(35,614)	(17,393)	(16,990)	(105,164)	(221,823)	(4,925,375)
Profit/(Loss) for the financial year from operating activities	(722,514)	(31,064)	(193,650)	781,000	888,130	(280,603)	(125,636)	(17,393)	(74,353)	(187,879)	(257,968)	(395,478)
<b>2018</b>												
Income	636,279	1,825,002	2,347,892	1,767,928	8,957,956	770,844	52,152	-	192,615	379,306	812,992	18,238,921
Less: Direct expenses	(87,759)	(271,054)	(609,296)	(280,986)	(1,700,881)	(195,791)	(23,895)	(119)	(82,371)	(85,237)	(125,941)	(3,685,855)
Less: Staff costs	(659,271)	(1,113,097)	(1,490,627)	(984,372)	(4,322,922)	(696,469)	(91,802)	(21,047)	(166,856)	(385,798)	(777,045)	(11,159,762)
Less: Other operating expenses	(576,608)	(953,947)	(366,069)	(392,257)	(1,993,769)	(187,050)	(38,920)	(20,906)	(36,328)	(93,969)	(220,792)	(4,989,557)
Profit/(Loss) for the financial year from operating activities	(687,359)	(513,096)	(118,100)	110,313	940,384	(308,466)	(102,465)	(42,072)	(92,940)	(185,698)	(310,786)	(1,596,253)

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 21. 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>2019</u>				
Property, plant and equipment	-	-	17,120,587	17,120,587
Intangible assets	-	-	158,569	158,569
Investment property	-	-	6,279,768	6,279,768
Amount due from related parties	363,498	-	-	363,498
Trade receivables	1,323,574	-	-	1,323,574
Inventories	-	-	316,974	316,974
Deposits and other receivables	2,845,785	-	22,789	2,868,574
Cash and cash equivalents	28,619,544	-	-	28,619,544
	<u>33,152,401</u>	<u>-</u>	<u>23,898,687</u>	<u>57,051,088</u>
Trade payables	-	498,452	-	498,452
Accruals and other payables	-	1,927,673	401,861	2,329,534
Capital grants	-	-	2,095,450	2,095,450
Lease liability	-	2,534,823	-	2,534,823
	<u>-</u>	<u>4,960,948</u>	<u>2,497,311</u>	<u>7,458,259</u>

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 21. 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>2018</u>				
Property, plant and equipment	-	-	15,674,582	15,674,582
Intangible assets	-	-	79,706	79,706
Investment property	-	-	6,381,392	6,381,392
Amount due from related parties	364,025	-	-	364,025
Trade receivables	1,039,678	-	-	1,039,678
Inventories	-	-	147,785	147,785
Deposits and other receivables	4,249,298	-	58,639	4,307,937
Cash and cash equivalents	26,555,414	-	-	26,555,414
	<u>32,208,415</u>	<u>-</u>	<u>22,342,104</u>	<u>54,550,519</u>
Trade payables	-	931,926	-	931,926
Accruals and other payables	-	1,992,489	382,340	2,374,829
Capital grants	-	-	2,743,759	2,743,759
Lease liability	-	15,289	-	15,289
	<u>-</u>	<u>2,939,704</u>	<u>3,126,099</u>	<u>6,065,803</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\$.

##### 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\$59,123 (2018: S\$53,834).

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 21. Financial risk management (continued)

#### (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>2019</u>				
Trade receivables	Lifetime	1,976,584	(653,010)	1,323,574
Deposits and other receivables	12-month	2,868,574	-	2,868,574
Amount due from related parties	12-month	2,860,682	(2,497,184)	363,498
		<u>7,705,840</u>	<u>(3,150,194)</u>	<u>4,555,646</u>

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 21. 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>2018</u>				
Trade receivables	Lifetime	2,105,197	(1,065,519)	1,039,678
Deposits and other receivables	12-month	4,334,895	(26,958)	4,307,937
Amount due from related parties	12-month	3,255,833	(2,891,808)	364,025
		<u>9,695,925</u>	<u>(3,984,285)</u>	<u>5,711,640</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	31-60 days	61-90 days	91-120 days	>120 days	Total
2019	S\$	S\$	S\$	S\$	S\$	S\$
Gross carrying amount	216,652	187,063	125,245	179,905	1,267,720	1,976,584
ECL	39%	29%	28%	47%	25%	

#### 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.

#### (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 MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 21. Financial risk management (continued)

#### (e) Liquidity risk (continued)

The tables below analyses 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.

	2019			
	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	One to five years S\$
Trade payables	498,452	498,452	-	-
Accruals and other payables	1,927,673	1,927,673	-	-
Lease liability	2,534,823	2,726,877	1,395,966	1,330,911
	4,960,948	5,153,002	1,395,966	1,330,911

	2018			
	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	One to five years S\$
Trade payables	931,926	931,926	-	-
Accruals and other payables	1,992,489	1,992,489	-	-
Lease liability	15,289	17,383	4,712	12,672
	2,939,704	2,941,798	4,712	12,672

#### (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.

### 22. 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:



# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 22. Significant related party balances and transactions (continued)

Related party transactions shown in the accounts as:	Type of relationship between the Society and the related parties:	2019 S\$	2018 S\$
Management fees	Headquarters	794,000	828,000
Consultancy fees	Headquarters	-	40,000
Direct expenses - residents' meals	Company with common key management personnel	2,431,998	2,155,786
Staff costs - staff meals	Company with common key management personnel	818,501	634,743
Other operating expenses	Company with common key management personnel	294,380	317,944
Rental paid on behalf of a related party	Company with common key management personnel	-	364,025

### 23. Contingent liabilities

As at the reporting date, the Society had contingent liabilities amounting to approximately S\$10,800 (2018: 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).

### 24. 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\$3,369,509 (2018: S\$4,178,317), which include those donations received by Giro and from the Society's staff members through monthly salary deductions.

### 25. Comparative information

#### Restatement of prior year figures due to errors

During the financial year, management became aware that certain computer software which were not an integral part to their related hardware were wrongly classified under property, plant and equipment under FRS 16. In addition, management had omitted a transfer of funds from the General to Restricted fund, the latter of which was reporting a deficit. Inter-division management fees were also not eliminated in the statement of comprehensive income. These errors have been retrospectively adjusted as follows:

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 25. Comparative information (continued)

	As previously reported S\$	Restatement S\$	As restated S\$
<b><u>Statement of Financial Position</u></b>			
<i>As at 1 January 2018</i>			
Plant and equipment	16,056,960	(89,176)	15,967,784
Intangible assets	-	89,176	89,176
<i>As at 31 December 2018</i>			
Property, plant and equipment	15,754,288	(79,706)	15,674,582
Intangible assets	-	79,706	79,706
Accruals and other payables	(2,386,526)	11,697	2,374,829
Restricted funds	(1,635,170)	(589,126)	2,224,296
General fund	(46,072,849)	577,429	45,495,420
<b><u>Statement of comprehensive income</u></b>			
<i>For the financial year ended 31 December 2018</i>			
Income	28,640,066	(828,000)	27,812,066
Other operating expenses	(8,372,472)	839,697	(7,532,775)
<b><u>Statement of changes in equity</u></b>			
<i>For the financial year ended 31 December 2018</i>			
Transfer of funds	-	589,126	589,126

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 25. Comparative information (continued)

Restatement of prior year figures due to errors (continued)

	As previously reported S\$	Restatement S\$	As restated S\$
<b><u>Statement of cash flows</u></b>			
<i>For the financial year ended 31 December 2018</i>			
<u>Cash flows from operating activities</u>			
Profit before tax	69,182	11,697	80,879
<u>Adjustments for:</u>			
Depreciation on property, plant and equipment	1,442,539	(9,470)	1,433,069
Amortisation of intangible assets	-	9,470	9,470
<u>Changes in working capital:</u>			
Accruals and other payables	813,823	(11,697)	802,126

### 26. 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:

Effective date (annual periods beginning on or after)	New or revised accounting standards and interpretations
1 January 2020	<ul style="list-style-type: none"> <li>Amendments to References to the Conceptual Framework in FRS Standards</li> <li>Amendments to FRS 1 and FRS 8 <i>Definition of Material</i></li> </ul>

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.

### 27. Events occurring after the reporting period

Since early 2020, the epidemic of Coronavirus Disease 2019 (the "COVID-19 outbreak") has spread across different regions over the world and it has affected the operations and economic activities of the Society. The financial results subsequent to the balance sheet date is likely to be negatively impacted as a result of lockdown measures imposed by the government, loss of donations, supply chain disruptions and other forms of interruptions to businesses including charitable organisations.

# **THE MUSLIM MISSIONARY SOCIETY, SINGAPORE**

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### **27. Events occurring after the reporting period (continued)**

As the situation relating to the coronavirus pandemic remains uncertain, it is currently difficult to predict the magnitude of the financial impact and economic sentiment as the tenure and severity of the virus outbreak is still unknown. The Executive Council of the Society will pay close attention to the development of the COVID-19 outbreak and continues to evaluate its impact on the business and operations of the Society as part of its risk management function.

### **28. Authorisation of financial statements**

The financial statements of THE MUSLIM MISSIONARY SOCIETY, SINGAPORE ("Society"), for the financial year ended 31 December 2019 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.

# THE MUSLIM MISSIONARY SOCIETY, SINGAPORE

## DETAILED STATEMENT OF FINANCIAL POSITION – BY IPC/NON-IPC ACTIVITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	2019 Non-IPC JS S\$	2019 IPC JWF S\$	2019 Total JS and JWF S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8,984,626	8,135,961	17,120,587
Investment property	6,279,768	-	6,279,768
Intangible assets	-	158,569	158,569
Amount due from related party	363,498	-	363,498
	15,627,892	8,294,530	23,922,422
<b>Current assets</b>			
Inventories	10,026	306,948	316,974
Trade receivables	104,715	1,218,859	1,323,574
Deposits and other receivables	235,046	2,633,528	2,868,574
Amount due from other divisions	4,703,815	-	4,703,815
Cash and cash equivalents	19,714,857	8,904,687	28,619,544
	24,768,459	13,064,022	37,832,481
<b>Total assets</b>	<b>40,396,351</b>	<b>21,358,552</b>	<b>61,754,903</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Unrestricted funds	37,119,205	10,502,639	47,621,844
Restricted funds	1,827,034	143,951	1,970,985
	38,946,239	10,646,590	49,592,829
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance lease liability	537,397	655,044	1,192,441
Capital grants	-	1,449,592	1,449,592
	537,397	2,104,636	2,642,033
<b>Current liabilities</b>			
Capital grants	-	645,858	645,858
Trade payables	146,172	352,280	498,452
Accruals and other payables	372,680	1,956,854	2,329,534
Amount due to other divisions	-	4,703,815	4,703,815
Finance lease liability	393,863	948,519	1,342,382
	912,715	8,607,326	9,520,041
<b>Total liabilities</b>	<b>1,450,112</b>	<b>10,711,962</b>	<b>12,162,074</b>
<b>Total funds and liabilities</b>	<b>40,396,351</b>	<b>21,358,552</b>	<b>61,754,903</b>

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 2019

	2019 Non-IPC JS S\$	2019 IPC JWF S\$	2019 Total JS and JWF S\$
Income	6,485,720	22,478,936	28,964,656
Direct expenses	(1,278,179)	(4,159,962)	(5,438,141)
Staff costs	(2,425,880)	(12,860,728)	(15,286,608)
Other operating expenses	(1,433,459)	(5,175,434)	(6,608,893)
<b>Profit before tax</b>	<b>1,348,202</b>	<b>282,812</b>	<b>1,631,014</b>
Income tax expense	-	-	-
<b>Profit for the financial year</b>	<b>1,348,202</b>	<b>282,812</b>	<b>1,631,014</b>
General fund at the beginning of the financial year	34,405,184	11,090,236	45,495,420
Transfer of funds	-	(269,590)	(269,590)
<b>General fund at the end of the financial year</b>	<b>35,753,386</b>	<b>11,103,458</b>	<b>46,856,844</b>

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