

Audited Financial Statements

Sagaramudra Buddhist Society
(UEN: S88SS0090C)

For the year ended 31 December 2018

Sagaramudra Buddhist Society
(UEN: S88SS0090C)

General Information

Executive Committee

President	:	Chew Swen Ling@ Shi Fa Qian
Vice President	:	Ng Kok Eng@ Shi Fa Rong
Secretary	:	Low Soo Gek@ Shi Fa Zun
Assistant Secretary	:	Cheong Kwai Sim
Treasurer	:	Tan Chai Lian
Assistant Treasurer	:	Goh Siew Hwa@ Shi Fa Xuan
Committee Members	:	Janet Lim Poh Thung Lim Chin Seng Chow Ooi Heng Joanie

Independent Auditor

HLB Atrede LLP

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Sagaramudra Buddhist Society
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Statement by the Executive Committee

We, Chew Swen Ling@ Shi Fa Qian and Tan Chai Lian, being two members of the executive committee of Sagaramudra Buddhist Society (the "Society"), do hereby state that, in the opinion of the executive committee,

- (a) the accompanying financial statements are drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Charities Accounting Standards in Singapore ("CAS"), so as to present fairly, in all material respects, the state of affairs of Society as at 31 December 2018 and the results, changes in funds and cash flows of the Society for the 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.

For and on behalf of the Executive Committee,



Chew Swen Ling@ Shi Fa Qian
President



Tan Chai Lian
Treasurer

Singapore
2 April 2019

**Independent Auditor's Report
to the members of Sagaramudra Buddhist Society
(UEN: S88SS0090C)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sagaramudra Buddhist Society (the "Society"), which comprise the statement of financial position as at 31 December 2018, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Charities Accounting Standards in Singapore ("CAS") so as to present fairly, in all material respects, the state of affairs of the financial position of the Society as at 31 December 2018 and of the results, changes in fund and cash flows of the Society for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *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 Matters

The financial statements for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 9 April 2018.

Independent Auditor's Report
to the members of Sagaramudra Buddhist Society – continued
(UEN: S88SS0090C)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Statement by the Executive Committee and the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and CAS, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management 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 management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The executive committee are responsible for 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 of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent Auditor's Report
to the members of Sagaramudra Buddhist Society – continued
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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 those charged with governance 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.

**Independent Auditor's Report
to the members of Sagaramudra Buddhist Society – continued
(UEN: S88SS0090C)**

Report on Other Legal and Regulatory Requirements

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

A handwritten signature in black ink, appearing to read 'HLB Atrede LLP', written over the printed name.

HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
2 April 2019

Sagaramudra Buddhist Society
(UEN: S88SS0090C)

Statements of Financial Position as at 31 December 2018

	Note	2018 \$	2017 \$
Non-current asset			
Property, plant and equipment	4	<u>11,420,602</u>	<u>11,477,182</u>
		<u>11,420,602</u>	<u>11,477,182</u>
Current assets			
Motor vehicle held for sale	5	63,200	—
Other receivables	6	24,334	22,500
Cash and cash equivalents	7	<u>2,464,270</u>	<u>2,052,081</u>
		<u>2,551,804</u>	<u>2,074,581</u>
Current liabilities			
Other payables	8	191,909	223,980
Deferred capital donation	9	<u>16,000</u>	<u>—</u>
		<u>207,909</u>	<u>223,980</u>
Net current assets		2,343,895	1,850,601
Non-current liabilities			
Other payables	8	30,000	—
Deferred capital donation	9	<u>768,000</u>	<u>—</u>
		<u>798,000</u>	<u>—</u>
Net assets		<u>12,966,497</u>	<u>13,327,783</u>
Funds			
<u>Unrestricted fund</u>			
General fund	10	12,966,497	12,527,783
<u>Restricted fund</u>			
Building fund	11	—	800,000
Total funds		<u>12,966,497</u>	<u>13,327,783</u>

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

Sagaramudra Buddhist Society
(UEN: S88SS0090C)

Statement of Financial Activities for the financial year ended 31 December 2018

	2018			2017
	Unrestricted fund	Restricted fund	Total	
	General fund	Building fund		
	\$	\$	\$	\$
INCOME				
Voluntary income				
Donations boxes	80,772	—	80,772	97,686
Donations received	90,769	—	90,769	929,755
Monthly donations received	42,966	—	42,966	41,416
	<u>214,507</u>	<u>—</u>	<u>214,507</u>	<u>1,068,857</u>
Investment income				
Bank interest income	334	—	334	211
Fixed deposits interest income	26,285	—	26,285	16,324
	<u>26,619</u>	<u>—</u>	<u>26,619</u>	<u>16,535</u>
Income from charitable activities				
Birthday blessing	1,262	—	1,262	1,396
Chanting service	10,150	—	10,150	17,600
Course fee	39,956	—	39,956	42,648
Members entrance and subscription fees	59,325	—	59,325	58,135
Lamp offering	99,550	—	99,550	104,250
Observance of 8 precepts	2,600	—	2,600	4,537
One day retreat	1,916	—	1,916	1,652
Qing Ming prayer ceremony	92,079	—	92,079	96,878
Seventh month prayer ceremony	178,762	—	178,762	194,426
Shui Chan prayer ceremony	96,929	—	96,929	95,552
Si Shi Gong Yang	89,425	—	89,425	88,236
Solemnization services	180	—	180	—
Taiji class	3,795	—	3,795	2,580
Vesak day prayer ceremony	44,872	—	44,872	49,640
Xin Cun prayer ceremony	67,256	—	67,256	70,836
	<u>788,057</u>	<u>—</u>	<u>788,057</u>	<u>828,366</u>
Other income				
Special and temporary employment credit	4,111	—	4,111	2,360
NCSS – Charity Capabilitiy Fund	—	—	—	3,820
	<u>4,111</u>	<u>—</u>	<u>4,111</u>	<u>6,180</u>
TOTAL INCOME	<u>1,033,294</u>	<u>—</u>	<u>1,033,294</u>	<u>1,919,938</u>

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Statement of Financial Activities for the financial year ended 31 December 2018 – continued

	2018			2017
	Unrestricted fund	Restricted fund	Total	
	General fund	Building fund		
	\$	\$	\$	\$
LESS: EXPENDITURE				
Cost of charitable activities				
Bursary funds	—	—	—	600
Chanting services	2,150	—	2,150	4,340
Course expenses	9,847	—	9,847	11,705
Dharma talk	400	—	400	900
Donations	11,600	—	11,600	11,900
Food and refreshment	6,755	—	6,755	7,153
Mid-Autumn festival expenses	1,800	—	1,800	3,369
Observance of 8 precepts expenses	—	—	—	495
One day retreat expenses	1,035	—	1,035	1,077
PCH of praying materials/food	554	—	554	245
Qing Ming prayer expenses	3,374	—	3,374	4,575
Reverends' allowances	72,240	—	72,240	61,200
Seventh month prayer expenses	9,490	—	9,490	16,864
Shui Chan prayer expenses	1,378	—	1,378	2,163
Si Shi Gong Yang expenses	1,114	—	1,114	1,463
Solemnization service	50	—	50	—
Subscription	55	—	55	55
Vesak day prayer expenses	937	—	937	1,192
Xin Chun prayer expenses	1,019	—	1,019	2,325
	<u>123,798</u>	<u>—</u>	<u>123,798</u>	<u>131,621</u>
Governance and administrative costs				
Amortisation of deferred capital donation	(16,000)	—	(16,000)	—
Accounting services	4,200	—	4,200	4,200
Advertisements	1,080	—	1,080	1,198
Audit fees	4,500	—	4,500	3,424
Bank charges	3,618	—	3,618	3,647
Cleaning services	4,981	—	4,981	4,859
Depreciation	147,941	—	147,941	113,546
Plant and equipment written off	—	—	—	685
General expenses	180	—	180	4,397
Insurance	11,392	—	11,392	12,768
Leasing rental	4,065	—	4,065	3,950
Newsletter and publication	34,016	—	34,016	33,485
Newspaper and periodical	1,180	—	1,180	988
Postage and stamps	349	—	349	334
Printing and stationery	1,306	—	1,306	1,881
Property tax	6,468	—	6,468	6,468
Balance c/f	<u>209,276</u>	<u>—</u>	<u>209,276</u>	<u>195,830</u>

Sagaramudra Buddhist Society
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Statement of Financial Activities for the financial year ended 31 December 2018 – continued

	2018			2017
	Unrestricted fund	Restricted fund	Total	
	General fund	Building fund		
	\$	\$	\$	\$
LESS: EXPENDITURE				
(continued)				
Governance and administrative costs (continued)				
Balance b/f	209,276	—	209,276	195,830
Rental @ 705 Sims Drive	10,000	—	10,000	24,000
Staff costs	183,389	—	183,389	178,771
Telephone expenses	6,141	—	6,141	6,643
Training expenses	13,291	—	13,291	10,720
Transportation	1,552	—	1,552	1,802
Upkeep of air conditioning	2,820	—	2,820	2,388
Upkeep of computers	6,597	—	6,597	9,371
Upkeep of office equipment	2,865	—	2,865	2,850
Upkeep of vehicles	2,457	—	2,457	1,777
Upkeep of premises – 5 Lorong 29 Geylang	9,652	—	9,652	15,382
Upkeep of premises – 574 Changi Road	2,085	—	2,085	2,986
Utilities	20,657	—	20,657	24,262
	<u>470,782</u>	<u>—</u>	<u>470,782</u>	<u>476,782</u>
Utilisation of restricted fund				
Construction cost	—	800,000	800,000	—
	<u>—</u>	<u>800,000</u>	<u>800,000</u>	<u>—</u>
TOTAL EXPENDITURE	<u>594,580</u>	<u>800,000</u>	<u>1,394,580</u>	<u>608,403</u>
Net income/(loss) for the year	438,714	(800,000)	(361,286)	1,311,535
Reconciliation of funds				
Total fund brought forward	<u>12,527,783</u>	<u>800,000</u>	<u>13,327,783</u>	<u>12,016,248</u>
Total fund carried forward	<u>12,966,497</u>	<u>—</u>	<u>12,966,497</u>	<u>13,327,783</u>

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

Sagaramudra Buddhist Society
(UEN: S88SS0090C)

Statement of Changes in Funds for the financial year ended 31 December 2018

	Unrestricted fund General fund \$	Restricted fund Building fund \$	Total \$
Balance at 1 January 2017	12,016,248	—	12,016,248
Net income for the year	<u>511,535</u>	<u>800,000</u>	<u>1,311,535</u>
Balance at 31 December 2017	12,527,783	800,000	13,327,783
Net loss for the year	<u>438,714</u>	<u>(800,000)</u>	<u>(361,286)</u>
Balance at 31 December 2018	<u>12,966,497</u>	<u>—</u>	<u>12,966,497</u>

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

Sagaramudra Buddhist Society
(UEN: S88SS0090C)

Statement of Cash Flows for the financial year ended 31 December 2018

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	438,714	1,311,535
Adjustments for:		
Depreciation	147,941	113,546
Amortisation of deferred capital donation	(16,000)	
Plant and equipment written off	–	685
Interest income	(26,285)	(16,324)
Operating profit before working capital changes	544,370	1,409,442
Decrease/(increase) in other receivables	7,040	(202)
(Decrease)/increase in other payables	(2,071)	26,727
Net cash flows from operating activities	549,339	1,435,967
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(154,561)	(768,347)
Interest received	17,411	13,909
Net cash flows used in investing activities	(137,150)	(754,438)
Net increase in cash and cash equivalents	412,189	681,529
Cash and cash equivalents at beginning of year	2,052,081	1,370,552
Cash and cash equivalents at end of year	2,464,270	2,052,081

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

Notes to the Financial Statements – 31 December 2018

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

1. GENERAL INFORMATION

Sagaramudra Buddhist Society (the “Society”) was registered under the Societies Act, Chapter 311 on 18 January 1988. The Society was registered as charity under the Charities Act, Chapter 37 on 22 February 1991.

The Society’s registered office and principal place of business are located at 5 Lorong 29 Geylang, Singapore 388060.

The principal activities of the Society are to propagate Buddhist faith by studying the teachings of Buddha.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Charities Accounting Standards (“CAS”) and disclosure requirements of the Societies Act, Chapter 311 and the Charities Act, Chapter 37.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar (SGD or \$) and all values are rounded to the nearest one-dollar unless otherwise stated.

(b) *Functional currency*

The committee has determined the currency of the primary economic environment in which the Society operates i.e. functional currency, to be SGD.

(c) *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost and subsequently carried at cost less accumulated depreciation. The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The costs of day-to-day servicing of an item of property, plant and equipment as expenditure in the statement of financial activities in the period in which the costs are incurred.

Notes to the Financial Statements – 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Property, plant and equipment (continued)*

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buddha statues	—	30 years
Freehold buildings	—	50 years
Furniture and fittings	—	5 years
Motor vehicles	—	5 years
Office equipment	—	5 years
Renovation	—	5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Property, plant and equipment shall not be revalued and are not required to be assessed for impairment under the Charities Accounting Standards.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset shall be accounted for in net income or expenditure in the statement of financial activities in the period in which the disposal occurs as the difference between the net sale proceeds and the net carrying amount of the asset.

(d) *Financial assets*

Receivables excluding prepayments, are initially recognised at their transactions price, excluding transaction costs, if any, which shall be recognised as expenditure in the statement of financial activities. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

Subsequent to initial measurement, the Society shall measure the financial asset at cost less any accumulated impairment losses.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired.

Notes to the Financial Statements – 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial assets (continued)*

The Society assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. If there is objective evidence that an impairment loss on a financial asset has been incurred (such as significant financial difficulty of the issuer or obligor, probable that the debtor will enter bankruptcy or other financial reorganisation), the impairment loss is recognised immediately in the statement of financial activities.

Subsequently, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's financial condition), the Society shall reverse the previously recognised impairment loss. The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The Society shall recognise the amount of the reversal in the statement of financial activities immediately.

(e) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank, demand deposits which are subject to an insignificant risk of change in value.

(f) *Financial liabilities*

Financial liabilities are recognised when, the Society becomes a party to the contractual agreements of the financial instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liability includes "Other payables".

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expired. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

(g) *Other payables*

Other payables, excluding accruals, are recognised at their transaction price, excluding transaction costs, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred.

Notes to the Financial Statements – 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Any adjustments to the amounts previously recognized shall be recognized as expenditure in the Statement of Financial Activities unless the provision was originally recognised as part of the cost of an asset.

(i) Funds

Restricted fund balances are balances restricted by outside sources which are distinguished from unrestricted funds allocated to specific purpose, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control of use in achieving any of its institutional purposes. An expense resulting from operating activities of a fund that is directly attributable to the fund is charged to that fund.

(j) Operating leases as lessee

Operating lease payments are recognised as an expense in the statement of financial activities on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(k) Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Society's activities. The following specific recognition criteria must be met before income is recognised:

(i) Donations

Donations are recognised when received. Donations-in-kinds are recognised when the fair value of the assets received can be reasonably ascertained. Donation is only deferred for recognition when the donors has imposed certain conditions that must be met before the Society has unconditional entitlement or the donor specifies that the donations can only be used in future accounting periods.

(ii) Course fee

Course fee income are recognised on accrual basis.

Notes to the Financial Statements – 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) *Income recognition (continued)*

(iii) *Membership subscription and entrance fee*

Membership subscription and entrance fee are recognised on cash basis.

(iv) *Interest income*

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

(v) *Service income*

Service income is recognised upon performance of services.

(vi) *Other income*

Other income are recognised when received.

(l) *Grants*

Government grant shall be recognised as income in the financial statement over the periods necessary to match them with the related costs for which the grants are intended to compensate on a systematic basis.

(m) *Expenditure*

All expenditure is accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible.

(i) *Cost of charitable activities*

Cost of charitable activities comprises all directly attributable costs incurred in the pursuit of the charitable objects of the Society.

(ii) *Governance and administrative costs*

Governance costs include the cost of governance arrangement, which related to the general running of the Society, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements.

Notes to the Financial Statements – 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) *Income Taxes*

The Society is a charity registered under the Charities Act since 22 February 1991. Consequently, the income of the Society is exempted from tax under the provisions of Section 13 of the Income Tax Act Chapter 134.

(o) *Employee benefits*

▪ *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into a separate entity such as the Central Provident Fund ("CPF"), on a mandatory contribution or voluntary basis. The Society has no further payment obligations once the contributions have been paid.

These contributions are recognised as an expense in the period in which the related service is performed.

(p) *Related parties*

Persons are considered to be related if the person has the ability to control or exercise influence over the entity in making financial and operating decisions. The entity is considered related if the both entities are governed by common management committee members who has control in making financial and operating decisions.

Notes to the Financial Statements – 31 December 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(i) Judgement made in applying accounting policies

There were no material judgements made by management in the process of applying the Society's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

▪ *Useful lives of property, plant and equipment*

Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the property, plant and equipment at the end of each reporting period is disclosed in Note 4 to the financial statements. The carrying amount of the Society's property, plant and equipment as at 31 December 2018 was \$11,420,602 (2017: \$11,477,182).

Sagamudra Buddhist Society
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Notes to the Financial Statements – 31 December 2018

4. PLANT AND EQUIPMENT

	Freehold land \$	Freehold building \$	Freehold land and building \$	Buddha statue \$	Motor vehicles \$	Office equipment \$	Furniture and fittings \$	Renovation \$	Work-in- progress – Building \$	Total \$
Cost:										
At 1 January 2017	4,542,600	2,215,310	4,254,771	270,074	206,000	244,809	82,339	626,829	–	12,442,732
Additions	–	–	–	–	48,788	12,570	–	–	706,989	768,347
Written off	–	–	–	–	–	(3,830)	–	–	–	(3,830)
At 31 December 2017 and 1 January 2018	4,542,600	2,215,310	4,254,771	270,074	254,788	253,549	82,339	626,829	706,989	13,207,249
Additions	–	–	–	–	–	10,570	–	–	143,991	154,561
Reclassification	3,656,452	1,426,399	(4,254,771)	–	–	22,900	–	–	(850,980)	–
Reclassified to fixed asset held for sale	–	–	–	–	(158,000)	–	–	–	–	(158,000)
Written off	–	–	–	–	–	(12,455)	(57,705)	–	–	(70,160)
At 31 December 2018	8,199,052	3,641,709	–	270,074	96,788	274,564	24,634	626,829	–	13,133,650
Accumulated depreciation:										
At 1 January 2017	–	526,615	–	110,149	79,600	201,736	74,738	626,828	–	1,619,666
Charge for the year	–	44,306	–	9,002	41,358	16,980	1,900	–	–	113,546
Written off	–	–	–	–	–	(3,145)	–	–	–	(3,145)
At 31 December 2017 and 1 January 2018	–	570,921	–	119,151	120,958	215,571	76,638	626,828	–	1,730,067
Charge for the year	–	72,833	–	9,002	41,358	22,847	1,900	1	–	147,941
Reclassified to fixed asset held for sale	–	–	–	–	(94,800)	–	–	–	–	(94,800)
Written off	–	–	–	–	–	(12,455)	(57,705)	–	–	(70,160)
At 31 December 2018	–	643,754	–	128,153	67,516	225,963	20,833	626,829	–	1,713,048
Net carrying amount:										
At 31 December 2017	4,542,600	1,644,389	4,254,771	150,923	133,830	37,978	5,701	1	706,989	11,477,182
At 31 December 2018	8,199,052	2,997,955	–	141,921	29,272	48,601	3,801	–	–	11,420,602

Notes to the Financial Statements – 31 December 2018

4. PLANT AND EQUIPMENT (continued)

The freehold land and building with net carrying values of \$11,197,007 (2017: \$10,441,760) are held in trust by Quek Teck Sae @ Shi Fa Liang, Syn Kok Hong @ Shi Fa Yuan and Tan Quee Kee @ Shi Fa Yi.

5. MOTOR VEHICLE HELD FOR SALE

	\$
Cost:	
At 1 January 2018	—
Transfer from property, plant and equipment	158,000
At 31 December 2018	<u>158,000</u>
Accumulated depreciation:	
At 1 January 2018	—
Transfer from property, plant and equipment	94,800
At 31 December 2018	<u>94,800</u>
Net carrying amount:	
At 31 December 2018	<u>63,200</u>

Motor vehicle is presented as held for sale following the disposal of the motor vehicle at the consideration of \$105,000 subsequent to the financial reporting period.

6. OTHER RECEIVABLES

	2018 \$	2017 \$
Deposits	2,910	4,720
Fixed deposits interest receivables	15,144	6,270
Prepayment	6,280	11,510
	<u>24,334</u>	<u>22,500</u>

7. CASH AND CASH EQUIVALENTS

Cash in hand	9,050	4,932
Cash at banks	161,429	504,239
	<u>170,479</u>	<u>509,171</u>
Fixed deposits	2,293,791	1,542,910
	<u>2,464,270</u>	<u>2,052,081</u>

Fixed deposits are placed for periods within 3 to 12 (2017: 1 to 6) months and earn interest at the rate of 1.23% to 1.80% (2017: 1.05% to 1.30%) per annum.

Notes to the Financial Statements – 31 December 2018

8. OTHER PAYABLES

	2018	2017
	\$	\$
Amount due in respect of purpose of freehold land and building	39,058	90,193
Accrued liabilities	5,465	19,274
Deferred income	85,000	25,000
Prayer ceremony received in advance	41,976	41,068
Subscription received in advance	37,440	38,220
Sundry payables	12,970	10,225
	<u>221,909</u>	<u>223,980</u>
 Presented as:		
Current	191,909	223,980
Non-current	30,000	-
	<u>221,909</u>	<u>223,980</u>

The non-current portion relates to sponsorships income received for the year 2020.

9. DEFERRED CAPITAL DONATION

		\$
Cost:		
At 1 January 2018		—
Transfer from building fund		800,000
At 31 December 2018		<u>800,000</u>
Accumulated amortisation:		
At 1 January 2018		—
Transfer from building fund		16,000
At 31 December 2018		<u>16,000</u>
Net carrying amount:		
At 31 December 2018		<u>784,000</u>
	2018	2017
	\$	\$
Current	16,000	—
Non-current	<u>768,000</u>	—
	784,000	—

Deferred capital donation relates to donation received to support the reconstruction work at 12 Cedar Ave which was completed during the year. The donation is amortised over the useful of the property of 50 years on a straight-line basis.

There are no unfulfilled conditions or contingencies attached to the donation.

Notes to the Financial Statements – 31 December 2018

10. GENERAL FUND

The General fund is for the purpose of meeting operating expenses incurred by the Society.

11. BUILDING FUND

The fund was donation received to support the reconstruction work at 12 Cedar Ave. The purpose of the donation was to ensure the Society able committed to continue promoting Buddhist education through dharma courses.

During the year, the Society has fully utilised the building fund for the reconstruction work at 12 Cedar Ave.

12. COMMITMENTS

(i) *Operating lease commitments*

The Society has entered into commercial leases on office equipment and warehouse premises. These leases have an average tenure of between 3 and 5 years with no renewal option or contingent rent provision included in the contracts. There is no restriction placed upon the Society by entering into these leases.

Future rental payable under non-cancellable leases as at the end of reporting period are as follows:

	2018	2017
	\$	\$
Not later than one year	3,788	14,263
Later than one year but not later than five years	11,762	7,203
	<u>15,550</u>	<u>21,466</u>

Lease payments recognised as an expense in the Statement of Financial Activities for the financial year ended 31 December 2018 amounted to \$14,065 (2017: \$27,950).

(ii) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follow:

Building reconstruction works	—	835,831
Less: Work-in-progress – building	—	(600,462)
Accruals	—	(90,193)
	<u>—</u>	<u>145,176</u>

Notes to the Financial Statements – 31 December 2018

13. RELATED PARTY DISCLOSURES

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Society and related parties that took place at terms agreed between the parties during the financial year:

(i) *Significant related party transactions*

	2018 \$	2017 \$
Rental expense - 705 Sims Drive	<u>10,000</u>	<u>24,000</u>

(ii) *Compensation of key management personnel*

Key management personnel of the Society are those persons having the authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Society. The management committees of the Society are considered as key management personnel of the Society.

Course expenses	4,000	5,080
Reverends allowance	<u>31,200</u>	<u>33,130</u>

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Society is exposed to minimal financial risks arising from its operations and the use of financial instruments. The key financial risks is liquidity risk. The overall risk management is determined and carried out by the Executive Committee and there has been no change to the Society's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Society's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

(i) *Liquidity risk*

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations due to shortage of funds. The Society adopts prudent liquidity risk management by maintaining sufficient cash and cash equivalents to finance its activities and minimise the liquidity risk.

Notes to the Financial Statements – 31 December 2018

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Society's financial liabilities at the end of reporting period, based on contractual undiscounted repayment obligations.

	Total	Within	Within two
	\$	one year	to five years
		\$	\$
2018			
Other payables	<u>57,493</u>	<u>57,493</u>	<u>—</u>
2017			
Other payables	<u>119,692</u>	<u>119,692</u>	<u>—</u>

15. FUND MANAGEMENT

The primary objective of the Society is to ensure that it maintains a healthy working capital position mainly through charitable activities to sustain its operations.

There are no changes in the Society's approach to fund management during the year.

16. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Executive Committee of the Society on 2 April 2019