

**SAGARAMUDRA BUDDHIST
SOCIETY**

[UEN. S88SS0090C]
[Registered under the Societies Act
(Chapter 311) in the Republic of
Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2017**

CONTENTS

| | |
|---------------------------------------|---------|
| Statement by the Management Committee | 2 |
| Independent Auditor's Report | 3 - 5 |
| Statement of Financial Activities | 6 - 8 |
| Statement of Financial Position | 9 |
| Statement of Changes in Funds | 10 |
| Statement of Cash Flows | 11 |
| Notes to the Financial Statements | 12 - 21 |

Fiducia LLP

(UEN. T10LL0955L)
Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the accompanying financial statements set out on pages 6 to 21 are drawn up so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2017 and of the results, changes in funds and cash flows of the Society for the year then ended.

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 Management Committee, comprising the following, authorised the issue of these financial statements on

Chew Swen Ling@ Shi Fa Qian
Ng Kok Eng@ Shi Fa Rong
Low Soo Gek@ Shi Fa Zun
Tan Chai Lian
Goh Siew Hwa@ Shi Fa Xuan
Toh Keng Geok@ Shi Fa Qing
Cheong Kwai Sim
Janet Lim Poh Thung
Lim Chin Seng

President
First Vice President
Second Vice President
Honorary Treasurer
Assistant Honorary Treasurer
Honorary Secretary
Assistant Honorary Secretary
Committee Member
Committee Member

For and on behalf of the Management Committee,



Chew Swen Ling@ Shi Fa Qian
President



Tan Chai Lian
Honorary Treasurer

Singapore, 09 APR 2018

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

Independent auditor's report to the members of:

SAGARAMUDRA BUDDHIST SOCIETY

[UEN. S88SS0090C]
[Registered under the Societies Act (Chapter 311) in the Republic
of Singapore]

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 of the Society as at 31 December 2017, 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 Society as at 31 December 2017 and the results, changes in funds 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 Information

Management is responsible for the other information. The other information comprises the Statement by the Management Committee set out on page 2 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 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.

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

Independent auditor's report to the members of:

SAGARAMUDRA BUDDHIST SOCIETY

[UEN. S88SS0090C]
[Registered under the Societies Act (Chapter 311) in the Republic
of Singapore]

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

Management is responsible for the preparation and fair presentation of the 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 statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

Those charged with governance 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.

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 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.

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

Independent auditor's report to the members of:

SAGARAMUDRA BUDDHIST SOCIETY

[UEN. S88SS0090C]
[Registered under the Societies Act (Chapter 311) in the Republic
of Singapore]

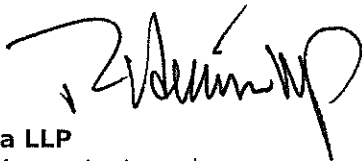
Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to 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 Charities Act and Regulations.



Fiducia LLP

Public Accountants and
Chartered Accountants

Singapore, 09 APR 2018

Partner-in-charge: Lee Choon Keat
PAB. No.: 01721

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

| | 2017 | | | 2016 |
|---|---------------------|----------------------|---|---------------------|
| | Unrestricted fund | Restricted fund | Total unrestricted and restricted funds | Unrestricted fund |
| | General fund S\$ | Building fund S\$ | S\$ | General fund S\$ |
| INCOME | | | | |
| Voluntary income | | | | |
| Donations boxes | 97,686 | 0 | 97,686 | 114,768 |
| Donations received | 129,755 | 800,000 | 929,755 | 160,310 |
| Monthly donations received | 41,416 | 0 | 41,416 | 45,197 |
| | <u>268,857</u> | <u>800,000</u> | <u>1,068,857</u> | <u>320,275</u> |
| Investment income | | | | |
| Bank interest income | 211 | 0 | 211 | 256 |
| Fixed deposits interest income | 16,324 | 0 | 16,324 | 8,413 |
| | <u>16,535</u> | <u>0</u> | <u>16,535</u> | <u>8,669</u> |
| Income from charitable activities | | | | |
| Birthday blessing | 1,396 | 0 | 1,396 | 1,849 |
| Chanting service | 17,600 | 0 | 17,600 | 21,900 |
| Course fee | 42,648 | 0 | 42,648 | 45,318 |
| Members entrance and subscription fees | 58,135 | 0 | 58,135 | 56,405 |
| Lamp offering | 104,250 | 0 | 104,250 | 106,800 |
| Observance of 8 precepts | 4,537 | 0 | 4,537 | 3,668 |
| One day retreat | 1,652 | 0 | 1,652 | 1,979 |
| Qing Ming prayer ceremony | 96,878 | 0 | 96,878 | 83,883 |
| Seventh month prayer ceremony | 194,426 | 0 | 194,426 | 198,173 |
| Shui Chan prayer ceremony | 95,552 | 0 | 95,552 | 132,799 |
| Si shi gong yang | 88,236 | 0 | 88,236 | 89,542 |
| Solemnization services | 0 | 0 | 0 | 180 |
| Taiji class | 2,580 | 0 | 2,580 | 2,640 |
| Vesak day prayer ceremony | 49,640 | 0 | 49,640 | 42,215 |
| Xin Chun prayer ceremony | 70,836 | 0 | 70,836 | 69,551 |
| | <u>828,366</u> | <u>0</u> | <u>828,366</u> | <u>856,902</u> |
| Other income | | | | |
| Special and temporary employment credit | 2,360 | 0 | 2,360 | 3,710 |
| Gain from disposal of property, plant and equipment | 0 | 0 | 0 | 14,000 |
| NCSS - Charity Capability Fund | 3,820 | 0 | 3,820 | 0 |
| Miscellaneous income | 0 | 0 | 0 | 400 |
| | <u>6,180</u> | <u>0</u> | <u>6,180</u> | <u>18,110</u> |
| TOTAL INCOME | <u>1,119,938</u> | <u>800,000</u> | <u>1,919,938</u> | <u>1,203,956</u> |

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)**

| | Note | 2017 | | | 2016 |
|---|------|----------------|------------|----------------|----------------|
| | | Unrestricted | Restricted | Total | Unrestricted |
| | | fund | fund | unrestricted | fund |
| | | General | Building | and restricted | General |
| | | fund | fund | funds | fund |
| | | S\$ | S\$ | S\$ | S\$ |
| LESS: EXPENDITURE | | | | | |
| Cost of charitable activities | | | | | |
| Birthday blessing expenses | | 0 | 0 | 0 | 35 |
| Bursary funds | | 600 | 0 | 600 | 0 |
| Chanting services | | 4,340 | 0 | 4,340 | 4,850 |
| Course expenses | | 11,705 | 0 | 11,705 | 13,194 |
| Dharma talk | | 900 | 0 | 900 | 1,100 |
| Donations | | 11,900 | 0 | 11,900 | 12,900 |
| Food and refreshment | | 7,153 | 0 | 7,153 | 9,205 |
| Mid-Autumn festival expenses | | 3,369 | 0 | 3,369 | 4,211 |
| Observance of 8 precepts expenses | | 495 | 0 | 495 | 0 |
| One day retreat expenses | | 1,077 | 0 | 1,077 | 1,271 |
| PCH of praying materials/food | | 245 | 0 | 245 | 1,702 |
| Qing Ming prayer expenses | | 4,575 | 0 | 4,575 | 4,587 |
| Reverends' allowances | | 61,200 | 0 | 61,200 | 61,200 |
| Seventh month prayer expenses | | 16,864 | 0 | 16,864 | 15,718 |
| Shui Chan prayer expenses | | 2,163 | 0 | 2,163 | 2,512 |
| Si Shi Gong Yang expenses | | 1,463 | 0 | 1,463 | 681 |
| Solemnization service | | 0 | 0 | 0 | 50 |
| Subscription | | 55 | 0 | 55 | 50 |
| Vesak day prayer expenses | | 1,192 | 0 | 1,192 | 2,135 |
| Xin Chun prayer expenses | | 2,325 | 0 | 2,325 | 2,158 |
| | | <u>131,621</u> | <u>0</u> | <u>131,621</u> | <u>137,559</u> |
| Governance and administrative costs | | | | | |
| Accounting services | | 4,200 | 0 | 4,200 | 4,200 |
| Advertisements | | 1,198 | 0 | 1,198 | 2,003 |
| Audit fees | | 3,424 | 0 | 3,424 | 3,424 |
| Bank charges | | 3,647 | 0 | 3,647 | 3,222 |
| Cleaning services | | 4,859 | 0 | 4,859 | 4,621 |
| Depreciation of property, plant and equipment | | 113,546 | 0 | 113,546 | 103,026 |
| Fixed assets written off | | 685 | | 685 | 0 |
| General expenses | | 4,397 | 0 | 4,397 | 309 |
| Insurance | | 12,768 | 0 | 12,768 | 13,862 |
| Leasing rental | | 3,950 | 0 | 3,950 | 4,520 |
| Newsletter and publication | | 33,485 | 0 | 33,485 | 41,184 |
| Newspaper and periodical | | 988 | 0 | 988 | 748 |
| Low-value assets | | 0 | 0 | 0 | 5,078 |
| Postage and stamps | | 334 | 0 | 334 | 342 |
| Printing and stationery | | 1,881 | 0 | 1,881 | 2,986 |
| Property tax | | 6,468 | 0 | 6,468 | 5,912 |
| Rental @ 705 Sims drive | | 24,000 | 0 | 24,000 | 24,000 |
| Staff costs | 5 | 178,771 | 0 | 178,771 | 188,373 |
| Telephone expenses | | 6,643 | 0 | 6,643 | 4,707 |
| Training expenses | | 10,720 | 0 | 10,720 | 11,580 |
| Transportation | | 1,802 | 0 | 1,802 | 3,589 |
| Balance c/f | | <u>417,766</u> | <u>0</u> | <u>417,766</u> | <u>427,686</u> |

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)**

| | 2017 | | | 2016 |
|---|------------------------|-------------------------|--|------------------------|
| | Unrestricted fund | Restricted fund | Total unrestricted and restricted funds | Unrestricted fund |
| | General fund S\$ | Building fund S\$ | S\$ | General fund S\$ |
| LESS: EXPENDITURE (CONT'D) | | | | |
| Governance and administrative costs (Cont'd) | | | | |
| Balance b/f | 417,766 | 0 | 417,766 | 427,686 |
| Upkeep of air conditioning | 2,388 | 0 | 2,388 | 7,400 |
| Upkeep of computers | 9,371 | 0 | 9,371 | 6,784 |
| Upkeep of office equipment | 2,850 | 0 | 2,850 | 5,093 |
| Upkeep of vehicles | 1,777 | 0 | 1,777 | 2,630 |
| Upkeep of premises - 5 Lorong 29 Geylang | 15,382 | 0 | 15,382 | 15,969 |
| Upkeep of premises - 574 Changi Road | 2,986 | 0 | 2,986 | 1,488 |
| Utilities | 24,262 | 0 | 24,262 | 25,346 |
| | <u>476,782</u> | <u>0</u> | <u>476,782</u> | <u>492,396</u> |
| TOTAL EXPENDITURE | <u>608,403</u> | <u>0</u> | <u>608,403</u> | <u>629,955</u> |
| Net income for the year | 511,535 | 800,000 | 1,311,535 | 574,001 |
| Total funds brought forward | <u>12,016,248</u> | <u>0</u> | <u>12,016,248</u> | <u>11,442,247</u> |
| Total funds carried forward | <u>12,527,783</u> | <u>800,000</u> | <u>13,327,783</u> | <u>12,016,248</u> |

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

| | Note | 2017 S\$ | 2016 S\$ |
|-------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 2,052,081 | 1,370,552 |
| Other receivables | 7 | <u>22,500</u> | <u>19,883</u> |
| | | 2,074,581 | 1,390,435 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | <u>11,477,182</u> | <u>10,823,066</u> |
| Total assets | | <u>13,551,763</u> | <u>12,213,501</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Other payables | 9 | <u>223,980</u> | <u>197,253</u> |
| Total liabilities | | <u>223,980</u> | <u>197,253</u> |
| NET ASSETS | | <u>13,327,783</u> | <u>12,016,248</u> |
| FUNDS | | | |
| Unrestricted fund | | | |
| General fund | 10 | 12,527,783 | 12,016,248 |
| Restricted fund | | | |
| Building fund | 11 | <u>800,000</u> | <u>0</u> |
| TOTAL FUNDS | | <u>13,327,783</u> | <u>12,016,248</u> |

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

| | Balance at beginning of year S\$ | Net income for the year S\$ | Balance at end of year S\$ |
|--------------------------|---|-----------------------------------|----------------------------------|
| 2017 | | | |
| Unrestricted fund | | | |
| General fund | 12,016,248 | 511,535 | 12,527,783 |
| Restricted fund | | | |
| Building fund | <u>0</u> | <u>800,000</u> | <u>800,000</u> |
| Total funds | <u>12,016,248</u> | <u>1,311,535</u> | <u>13,327,783</u> |
| 2016 | | | |
| Unrestricted fund | | | |
| General fund | <u>11,442,247</u> | <u>574,001</u> | <u>12,016,248</u> |

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

| | Note | 2017 S\$ | 2016 S\$ |
|---|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net income for the year | | 1,311,535 | 574,001 |
| Adjustments for: | | | |
| - Depreciation of property, plant and equipment | 8 | 113,546 | 103,026 |
| - Gain on disposal of property, plant and equipment | | 0 | (14,000) |
| - Fixed assets written off | | 685 | 0 |
| - Fixed deposits interest income | | (16,324) | (8,413) |
| Operating cash flow before working capital changes | | 1,409,442 | 654,614 |
| Changes in operating assets and liabilities | | | |
| - Other receivables | | (202) | 817,406 |
| - Other payables | | 26,727 | 40,669 |
| Net cash generated from operating activities | | <u>1,435,967</u> | <u>1,512,689</u> |
| Cash flows from investing activities | | | |
| Proceeds from disposal of property, plant and equipment | | 0 | 14,000 |
| Purchase of property, plant and equipment | 8 | (768,347) | (4,452,803) |
| Fixed deposits interest received | | 13,909 | 33,002 |
| Net cash used in investing activities | | <u>(754,438)</u> | <u>(4,405,801)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 681,529 | (2,893,112) |
| Cash and cash equivalents at beginning of financial year | | <u>1,370,552</u> | <u>4,263,664</u> |
| Cash and cash equivalents at end of financial year | 6 | <u><u>2,052,081</u></u> | <u><u>1,370,552</u></u> |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

These notes form 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 since 22 February 1991. The Society's registered office and principal place of business are located at 5 Lorong 29 Geylang, Singapore 388060.

The principal objective of the Society is to propagate Buddhist faith by studying the teachings of Buddha.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Charities Accounting Standard ("CAS") and disclosure requirements of the Societies Act (Chapter 311) and Charities Act (Chapter 37). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Society's activities. Income is recognised as follows:

2.2.1 Donations

Donations are recognised in the statement of financial activities upon receipt. Donations-in-kinds are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.2 Course fee

Course fee income are recognised on accrual basis.

2.2.3 Membership subscription and entrance fee

Membership subscription and entrance fee are recognised on cash basis.

2.2.4 Government grants

Government grants are recognised as income in the financial statements over the periods necessary to match them with the related costs, which they are intended to compensate on a systematic basis.

2. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

2.2.5 Interest income

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

2.2.6 Other income

Other income is recognised when received.

2.3 Expenditure recognition

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

2.3.1 Cost of charitable activities

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

2.3.2 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.

2.4 Property, plant and equipment

2.4.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation.

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.

2.4.2 Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | Useful lives |
|------------------------|--------------|
| Buddha statues | 30 years |
| Freehold buildings | 50 years |
| Furniture and fittings | 5 years |
| Motor vehicles | 5 years |
| Office equipment | 5 years |
| Renovation | 5 years |

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

2.4.2 Depreciation (Cont'd)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting period. The effects of any revision are recognised in the statement of financial activities in the financial year in which the changes arise.

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have already been recognised is added to the carrying amount of the 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. Other subsequent expenditure is recognised as repair and maintenance expenses in statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is recognised in the statement of financial activities.

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

2.5 Financial assets

2.5.1 Recognition and measurement

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

Receivables are subsequently measured at cost less accumulated impairment losses.

2.5.2 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

2.5.3 Impairment

The Society assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment of other receivables is recognised when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the statement of financial activities within "Governance and administrative costs".

2. Significant accounting policies (Cont'd)

2.5 Financial assets

2.5.3 Impairment (Cont'd)

Subsequently, if the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss will be reversed. The reversal will not result in any 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 amount of reversal is recognised in the statement of financial activities.

2.6 Operating leases as lessee

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to income statement. Contingent rents are recognised as an expense in the income statement in the financial year in which they are incurred.

2.7 Financial liabilities

Financial liabilities are recognised when the Society becomes a party to the contractual agreements of the 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.

2.8 Other payables

Other payables, excluding accruals, are recognised at their transaction price. Accruals are recognised at the best estimate of the amount payable.

2.9 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2. Significant accounting policies (Cont'd)

2.10 Employee compensation

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid. The Society's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions that are subject to an insignificant risk of change in value.

2.12 Funds

Restricted fund balances are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Board of Directors. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

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 income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

The Management is of the opinion that there are no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Society's property, plant and equipment as at 31 December 2017 was S\$11,477,182 (2016: S\$10,823,066).

4. Income tax

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 Cap. 134.

5. Staff costs

Included in the expenses expended are the following staff costs:

| | 2017 S\$ | 2016 S\$ |
|--------------------------------|----------------|----------------|
| Bonuses | 26,800 | 30,485 |
| Employer's contribution to CPF | 24,837 | 26,426 |
| Medical expenses | 909 | 1,489 |
| SDL | 323 | 347 |
| Staff salaries | 124,550 | 128,220 |
| Staff insurance | 1,352 | 1,406 |
| | <u>178,771</u> | <u>188,373</u> |

6. Cash and cash equivalents

| | 2017 S\$ | 2016 S\$ |
|----------------|------------------|------------------|
| Cash on hand | 1,619 | 2,692 |
| Cash at banks | 507,552 | 138,029 |
| Fixed deposits | <u>1,542,910</u> | <u>1,229,831</u> |
| | <u>2,052,081</u> | <u>1,370,552</u> |

The fixed deposits matures within 1 to 10 months (2016: 1 to 6 months) from the financial year end and earn interest at rate of 1.05% to 1.30% (2016: 0.90% to 1.62%) per annum.

7. Other receivables

| | 2017 S\$ | 2016 S\$ |
|-------------------------------------|---------------|---------------|
| Deposits | 4,720 | 4,720 |
| Prepayments | 11,510 | 11,307 |
| Fixed deposits interest receivables | <u>6,270</u> | <u>3,856</u> |
| | <u>22,500</u> | <u>19,883</u> |

8. Property, plant and equipment

| | Balance at beginning of year S\$ | Additions S\$ | Written off S\$ | Balance at end of year S\$ |
|---------------------------------|---|------------------|--------------------|----------------------------------|
| 2017 | | | | |
| Cost | | | | |
| Freehold land | 4,542,600 | 0 | 0 | 4,542,600 |
| Freehold building | 2,215,310 | 0 | 0 | 2,215,310 |
| Freehold land and building | 4,254,771 | 0 | 0 | 4,254,771 |
| Buddha statue | 270,074 | 0 | 0 | 270,074 |
| Motor vehicles | 206,000 | 48,788 | 0 | 254,788 |
| Office equipment | 244,809 | 12,570 | (3,830) | 253,549 |
| Furniture and fittings | 82,339 | 0 | 0 | 82,339 |
| Renovation | 626,829 | 0 | 0 | 626,829 |
| Work in progress - Building | 0 | 706,989 | 0 | 706,989 |
| | <u>12,442,732</u> | <u>768,347</u> | <u>(3,830)</u> | <u>13,207,249</u> |
| Accumulated depreciation | | | | |
| Freehold land | 0 | 0 | 0 | 0 |
| Freehold building | 526,615 | 44,306 | 0 | 570,921 |
| Freehold land and building | 0 | 0 | 0 | 0 |
| Buddha statue | 110,149 | 9,002 | 0 | 119,151 |
| Motor vehicles | 79,600 | 41,358 | 0 | 120,958 |
| Office equipment | 201,736 | 16,980 | (3,145) | 215,571 |
| Furniture and fittings | 74,738 | 1,900 | 0 | 76,638 |
| Renovation | 626,828 | 0 | 0 | 626,828 |
| Work in progress - Building | 0 | 0 | 0 | 0 |
| | <u>1,619,666</u> | <u>113,546</u> | <u>(3,145)</u> | <u>1,730,067</u> |
| Net book value | | | | |
| Freehold land | 4,542,600 | | | 4,542,600 |
| Freehold building | 1,688,695 | | | 1,644,389 |
| Freehold land and building | 4,254,771 | | | 4,254,771 |
| Buddha statue | 159,925 | | | 150,923 |
| Motor vehicles | 126,400 | | | 133,830 |
| Office equipment | 43,073 | | | 37,978 |
| Furniture and fittings | 7,601 | | | 5,701 |
| Renovation | 1 | | | 1 |
| Work in progress - Building | 0 | | | 706,989 |
| | <u>10,823,066</u> | | | <u>11,477,182</u> |

8. Property, plant and equipment (Cont'd)

| 2016 | Balance at beginning of year S\$ | Additions S\$ | Written off S\$ | Balance at end of year S\$ |
|---------------------------------|---|------------------|--------------------|----------------------------------|
| Cost | | | | |
| Freehold land | 4,542,600 | 0 | 0 | 4,542,600 |
| Freehold building | 2,215,310 | 0 | 0 | 2,215,310 |
| Freehold land and building | 0 | 4,254,771 | 0 | 4,254,771 |
| Buddha statue | 270,074 | 0 | 0 | 270,074 |
| Motor vehicles | 105,000 | 158,000 | (57,000) | 206,000 |
| Office equipment | 219,606 | 30,532 | (5,329) | 244,809 |
| Furniture and fittings | 72,839 | 9,500 | 0 | 82,339 |
| Renovation | 626,829 | 0 | 0 | 626,829 |
| | <u>8,052,258</u> | <u>4,452,803</u> | <u>(62,329)</u> | <u>12,442,732</u> |
| Accumulated depreciation | | | | |
| Freehold land | 0 | 0 | 0 | 0 |
| Freehold building | 482,309 | 44,306 | 0 | 526,615 |
| Freehold land and building | 0 | 0 | 0 | 0 |
| Buddha statue | 101,146 | 9,003 | 0 | 110,149 |
| Motor vehicles | 105,000 | 31,600 | (57,000) | 79,600 |
| Office equipment | 190,848 | 16,217 | (5,329) | 201,736 |
| Furniture and fittings | 72,838 | 1,900 | 0 | 74,738 |
| Renovation | 626,828 | 0 | 0 | 626,828 |
| | <u>1,578,969</u> | <u>103,026</u> | <u>(62,329)</u> | <u>1,619,666</u> |
| Net book value | | | | |
| Freehold land | 4,542,600 | | | 4,542,600 |
| Freehold building | 1,733,001 | | | 1,688,695 |
| Freehold land and building | 0 | | | 4,254,771 |
| Buddha statue | 168,928 | | | 159,925 |
| Motor vehicles | 0 | | | 126,400 |
| Office equipment | 28,758 | | | 43,073 |
| Furniture and fittings | 1 | | | 7,601 |
| Renovation | 1 | | | 1 |
| | <u>6,473,289</u> | | | <u>10,823,066</u> |

In financial year 2016, the addition to the freehold land and building totalling to S\$4,254,771 includes freehold land cost. It is impractical to allocate the cost of the freehold property to the portion relating to the freehold land.

The freehold land and building totalling to S\$11,148,749 (2016: S\$10,486,066) is held in trust by Syn Kok Hong @ Shi Fa Yuan, Tan Quee Kee @ Shi Fayi and Quek Teck Sae @ Shi Faliang.

9. Other payables

| | 2017 S\$ | 2016 S\$ |
|-------------------------------------|----------------|----------------|
| Prayer ceremony received in advance | 41,068 | 60,940 |
| Subscription received in advance | 38,220 | 37,980 |
| Other payables | 10,225 | 12,797 |
| Accruals | 109,467 | 35,536 |
| Deferred income | 25,000 | 50,000 |
| | <u>223,980</u> | <u>197,253</u> |

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 on reconstruction work on Land - 12 Cedar Ave. The purpose of the donation was to ensure the Society able committed to continue promoting Buddhist education through dharma courses.

12. Related party transactions

Related parties are entities with one or more common management committee members. Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial and operating decisions.

The following transactions took place between the Society and related party during the financial year at terms agreed between the parties:

| | 2017 S\$ | 2016 S\$ |
|-------------------------|---------------|---------------|
| Course expenses | 5,080 | 7,080 |
| Rental @ 705 Sims drive | 24,000 | 24,000 |
| Reverends' allowances | <u>33,130</u> | <u>33,710</u> |

13. Operating lease commitments

The Society leases office premises from related party and office equipment from non-related party under non-cancellable operating lease agreements. The lease has varying terms, escalating clauses and renewal rights.

The future minimum rental payable under non-cancellable operating lease contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

| | 2017 S\$ | 2016 S\$ |
|---|---------------|---------------|
| Not later than one year | 14,263 | 24,000 |
| Later than one year but not later than five years | <u>7,203</u> | <u>10,000</u> |
| | <u>21,466</u> | <u>34,000</u> |

14. Capital commitment

At the reporting date, the Society has capital commitments in respect to building reconstruction costs included in Notes 8 and 9 as follows:

| | 2017 S\$ | 2016 S\$ |
|---|-----------------|-------------|
| Commitments for the building reconstruction works | 835,831 | 0 |
| Less : Recorded as work in progress - Building | (600,462) | 0 |
| Less : Recorded as accruals | <u>(90,193)</u> | <u>0</u> |
| | <u>145,176</u> | <u>0</u> |

15. Financial risk management

The Society's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Management Committee of the Society on an informal basis.

Currency risk

The Society is not exposed to foreign exchange risk as most of its transactions are in Singapore Dollar.

Interest rate risk

The Society is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The interest bearing assets comprise bank balances and fixed deposits which are short-term in nature. Any short-term fluctuation in interest rates will not significantly affect the Society. No sensitivity analysis is prepared as the Society does not expect any material effect on the Society's profit or loss arising from the effects of reasonably possible changes in interest rates on interest-bearing financial instruments at the end of the reporting period.

Credit risk

The Society is exposed to credit risk in the event that counterparties fail to perform their obligations, resulting in a financial loss to the Society.

The major classes of financial assets of the Society are bank deposits. For other financial assets, the Society adopts the policy of dealing only with high credit quality counterparties.

Liquidity risk

The Society adopts prudent liquidity risk management by maintaining sufficient cash and cash equivalents to finance its activities and minimise the liquidity risk.

16. Fair values

As at 31 December 2017, the carrying amounts of the financial assets and liabilities recorded in the financial statements of the Society approximate their fair values due to their short-term nature.

17. Fund management policy

The primary objective of the Society is to ensure it maintains sufficient cash in order to support its activities. Its approach to fund management is to balance the allocation of cash and the incurrence of debt. Available cash is deployed primarily to cover operational requirements.

18. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Management Committee on

09 APR 2018