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THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

MANAGEMENT'S STATEMENT AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

MANAGEMENT'S STATEMENT AND FINANCIAL STATEMENTS

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GRP3-MGR/3020765-4057674-FS/MGAR/NCSC/FLCH

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

MANAGEMENT'S STATEMENT

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, General Fund statements of income and expenditure, Zakat Trust Fund statements of income and expenditure, Building Fund statements of income and expenditure and statement of changes in funds of the Association as set out on pages 5 to 38 are drawn up so as to give a true and fair view of the financial position of the Group and of the Association as at December 31, 2016 and the financial performance and changes in funds of the Group and of the Association, and cash flows of the Group for the financial year ended on that date.

On behalf of the Management

....	....
Edwin Ignatious M @ Muhd Faiz	Mohd Ridzuan Ng @ Ng Kum Seng
President	Vice President (Finance)

Singapore

March 11, 2017

Deloitte.

Deloitte & Touche LLP
Unique Entity No. T08LL0721A
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com/sg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Muslim Converts' Association of Singapore (the Association) and its subsidiary (the Group) which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Association as at December 31, 2016, and the General Fund statements of income and expenditure, Zakat Trust Fund statements of income and expenditure, Building Fund statements of income and expenditure, and the statements of changes in funds of the Group and the Association and consolidated statement of cash flows of the Group, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 5 to 38.

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 Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Association as at December 31, 2016 and the financial performance, changes in fund of the Group and of the Association and cash flows of the Group 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 Association 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual report, but does not include the financial statements and our auditor's report thereon. Other than the Management's statement, which we obtained prior to the date of this auditor's report, the other sections included in the Annual report are expected to be made available to us after that date.

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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 FRSs, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Association have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

March 11, 2017

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION
December 31, 2016

	Note	Group 2016	Group 2015	Association 2016	Association 2015
		$	$	$	$
GENERAL FUND		1,826,494	1,658,611	1,890,361	1,722,478
ZAKAT TRUST FUND		4,589,510	4,497,972	4,525,643	4,434,105
BUILDING FUND		34,581,474	36,243,530	34,581,474	36,243,530
TOTAL FUNDS		40,997,478	42,400,113	40,997,478	42,400,113
REPRESENTED BY:					
Non-current assets					
Property, plant and equipment	7	8,720,899	9,009,092	8,720,899	9,009,092
Investment properties	8	9,600,000	11,500,000	9,600,000	11,500,000
Investment in subsidiary	9	-	-	-	-
Total non-current assets		18,320,899	20,509,092	18,320,899	20,509,092
Current assets					
Cash and cash balances		2,747,965	4,053,697	2,747,965	4,053,697
Fixed deposits and held-to-maturity financial asset	10	20,000,000	17,649,599	20,000,000	17,649,599
Held for trading investments	11	420,037	572,106	420,037	572,106
Trade receivables	12	19,673	43,079	19,673	43,079
Other receivables and prepayments	13	94,739	232,037	94,739	232,037
Amount due from subsidiary company	9	-	-	-	-
Inventories	14	40,788	54,371	40,788	54,371
Total current assets		23,323,202	22,604,889	23,323,202	22,604,889
Less: Current liabilities					
Trade payables		23,521	-	23,521	-
Other payables	15	623,102	713,868	623,102	713,868
Total current liabilities		646,623	713,868	646,623	713,868
Net current assets		22,676,579	21,891,021	22,676,579	21,891,021
Total net assets		40,997,478	42,400,113	40,997,478	42,400,113

See accompanying notes to financial statements.

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
AND ITS SUBSIDIARY

GENERAL FUND
STATEMENTS OF INCOME AND EXPENDITURE
Year ended December 31, 2016

	Note	Group 2016	Group 2015	Association 2016	Association 2015
		$	$	$	$
INCOME	18	1,025,533	889,732	1,025,533	889,732
EXPENDITURE	19	(997,650)	(1,033,049)	(997,650)	(1,033,049)
Surplus/(Deficit) of income over expenditure before transfer from Building Fund		27,883	(143,317)	27,883	(143,317)
Transfer from Building Fund	17	140,000	140,000	140,000	140,000
Surplus/(Deficit) after transfer from Building Fund, representing total comprehensive income for the year		167,883	(3,317)	167,883	(3,317)
Balance at beginning of year		1,658,611	1,661,928	1,722,478	1,725,795
Balance at end of year		1,826,494	1,658,611	1,890,361	1,722,478

See accompanying notes to financial statements.

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

ZAKAT TRUST FUND
STATEMENTS OF INCOME AND EXPENDITURE
Year ended December 31, 2016

	Note	Group 2016	Group 2015	Association 2016	Association 2015
		$	$	$	$
INCOME					
Donations from individuals		3,825,910	3,740,731	3,825,910	3,740,731
Fidyah		101,567	122,395	101,567	122,395
Grant/donations from MUIS		337,424	328,951	337,424	328,951
Other income		31,963	41,508	31,963	41,508
Total income		4,296,864	4,233,585	4,296,864	4,233,585
EXPENDITURE					
Administrative charges		454,549	498,021	454,549	498,021
Central provident fund contributions		177,842	182,504	177,842	182,504
Converts' welfare		324,479	308,734	324,479	308,734
Da'wah		384,989	511,839	384,989	511,839
Loss on disposal of property, plant and equipment		-	8,861	-	8,861
Depreciation of property, plant and equipment	7	421,079	359,764	421,079	359,764
Financial aid/zakat distributions		1,254,594	1,177,222	1,254,594	1,177,222
Salaries		1,061,563	1,136,939	1,061,563	1,136,939
Zakat project		46,231	46,492	46,231	46,492
Total expenditure		4,125,326	4,230,376	4,125,326	4,230,376
Surplus of income over expenditure before transfer to Building Fund		171,538	3,209	171,538	3,209
Transfer to Building Fund	16	(80,000)	(80,000)	(80,000)	(80,000)
Surplus/(Deficit) after transfer Building Fund, representing total comprehensive income for the year		91,538	(76,791)	91,538	(76,791)
Balance at beginning of year		4,497,972	4,574,763	4,434,105	4,510,896
Balance at end of year		4,589,510	4,497,972	4,525,643	4,434,105

See accompanying notes to financial statements.

BUILDING FUND
STATEMENTS OF INCOME AND EXPENDITURE
Year ended December 31, 2016

	Note	Group and Association 2016	2015
		$	$
INCOME			
Rental from investment properties	21	384,558	383,543
EXPENDITURE			
Maintenance of building		29,822	29,822
Professional fees		250	15,490
Property tax		43,300	46,500
Administrative expenses		13,242	12,389
Loss on fair value adjustments of investment properties	8	1,900,000	300,000
Total expenditure		1,986,614	404,201
Deficit of income over expenditure before transfer to General Fund and from Zakat Trust Fund		(1,602,056)	(20,658)
Transfer to General Fund	17	(140,000)	(140,000)
Transfer from Zakat Trust Fund	16	80,000	80,000
Deficit after transfer to General Fund and from Zakat Trust Fund, representing Other comprehensive loss for the year		(1,662,056)	(80,658)
Balance at beginning of year		36,243,530	36,324,188
Balance at end of year		34,581,474	36,243,530

See accompanying notes to financial statements.

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN FUNDS
Year ended December 31, 2016

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Balance at beginning of year	42,400,113	42,560,879	42,400,113	42,560,879
Surplus/(Deficit) of income over expenditure from:				
General Fund	167,883	(3,317)	167,883	(3,317)
Zakat Trust Fund	91,538	(76,791)	91,538	(76,791)
Building Fund	(1,662,056)	(80,658)	(1,662,056)	(80,658)
Balance at end of year	40,997,478	42,400,113	40,997,478	42,400,113
Comprising:				
General Fund	1,826,494	1,658,611	1,890,361	1,722,478
Zakat Fund	4,589,510	4,497,972	4,525,643	4,434,105
Building Fund	34,581,474	36,243,530	34,581,474	36,243,530
	40,997,478	42,400,113	40,997,478	42,400,113

See accompanying notes to financial statements.

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2016

	Group	
	2016	2015
	$	$
Operating activities		
General fund - surplus/(deficit) of income over expenditure	167,883	(3,317)
Zakat trust fund - surplus/(deficit) of income over expenditure	91,538	(76,791)
Building Fund - deficit of income over expenditure	(1,662,056)	(80,658)
	(1,402,635)	(160,766)
Adjustments for:		
Depreciation	443,241	378,697
Interest income	(360,337)	(206,194)
Gain on sales of share investment	(59,900)	-
Decrease in allowance of doubtful debts	-	(46,030)
Loss on fair value adjustments of investment shares	88,000	37,570
Loss on disposal of plant and equipment	-	10,426
Loss on fair value adjustments of investment properties	1,900,000	300,000
Operating surplus before working capital changes	608,369	313,703
Inventories	13,583	(14,492)
Trade receivables	23,406	59,580
Other receivables and prepayments	137,298	(122,165)
Trade payables	23,521	-
Other payables	(90,766)	90,507
Net cash from operating activities	715,411	327,133
Investing activities		
Interest received	360,337	206,194
Proceeds from sales of share investment	124,900	-
Purchase of property, plant and equipment	(155,048)	(449,301)
Investment in held-to-maturity financial asset (Note 10)	(7,500,000)	-
Proceeds from held-to-maturity financial asset (Note 10)	5,000,000	-
Purchase of held for trading investments	(931)	(110,200)
Net cash used in investing activities	(2,170,742)	(353,307)
Net decrease in cash and cash equivalents	(1,455,331)	(26,174)
Cash and cash equivalents at beginning of year	16,703,296	16,729,470
Cash and cash equivalents at end of year	15,247,965	16,703,296

Cash included in the statement of cash flows comprises the following:

Cash and bank balances	2,747,965	4,053,697
Fixed deposits (Note 10)	12,500,000	12,649,599
Total	15,247,965	16,703,296

See accompanying notes to financial statements.

1 GENERAL

The Muslim Converts' Association of Singapore (the "Association") is registered under the Societies Act, Cap. 311 and the Charities Act, Cap. 37 with its registered address and principal place of operations at 32 Onan Road, The Galaxy, Singapore 424484. The financial statements are expressed in Singapore dollars, which is the functional currency of the Association and the presentation currency for the consolidated financial statements.

The principal activities of the Association are to provide religious guidance and other assistance to its members.

The principal activities of the subsidiary are set out in Note 9 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position and General Fund statement of income and expenditure, Zakat Trust Fund statement of income and expenditure, Building Fund statement of income and expenditure and statement of changes in funds of the Association for the year ended December 31, 2016 were authorised for issue by the management on March 11, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Societies Act, Charities Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2016, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

At the date of authorisation of these financial statements, the following new / revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group were issued but not effective:

- FRS 109 *Financial Instruments* [2]
- FRS 115 *Revenue from Contracts with Customers* [2]
- FRS 116 *Leases* [3]
- Amendments to FRS 7 *Statement of Cash Flow: Disclosure Initiative* [1]
- Amendments to FRS 115 *Clarification to FRS 115 Revenue from Contracts with Customers* [2]

[1] Applies prospectively to annual periods beginning on or after January 1, 2017, with early application permitted.

[2] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

[3] Applies to annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that apply FRS 115 at or before the date of initial application of FRS 116.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above new/revised FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for the following:

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management will evaluate the effects of FRS 115 prior to implementation based on the terms of the contracts existing during the relevant period.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets. Areas of relevance to the Group are outlined below:

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods.

In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management is currently evaluating the potential impact of the application of FRS 109 on the financial statements of the company in the period of initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Association and subsidiary controlled by the Association. Control is achieved when the Association:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Association reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Association obtains control over the subsidiary and ceases when the Association loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of income and expenditure from the date the Association gains control until the date when the Association ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Association's financial statements, investment in subsidiary is carried at cost less any accumulated impairment in net recoverable value that has been recognised in the statements of income and expenditure.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest rate basis for debt instruments other than those financial instruments at "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments" and "trade and other receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Held-to-maturity investments

Structured deposits with determinable payments where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Subsequent to initial measurement, held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer of counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

FUNDS - Funds are set up to account for contributions received for specific purposes. Income and expenditure relating to specific funds are accounted for directly in the funds to which they relate.

(i) Zakat Trust Fund

The objective of this Fund is to collect zakat from the public and to use the collections to fund programmes for zakat beneficiaries.

(ii) Building Fund

The Building Fund was established to collect donations for the acquisition of the Group's and Association's building and includes profit from the sale of the old premises. Surplus funds are used for investment purposes.

Income and expenditure relating to specific funds are accounted for directly in the funds to which they relate.

Property, plant and equipment purchased are capitalised and depreciated over their estimated useful lives. Depreciation is allocated between the General Fund and the Zakat Trust Fund.

Building maintenance for the Group's building is charged on a proportionate basis to the General Fund and the Zakat Trust Fund. Building maintenance for the investment properties acquired using the Building Fund, is charged directly to the Building Fund.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost, over their estimated useful lives, using the straight-line method, on the following bases:

	No. of Years
Building	50
Renovation	10
Furniture, fittings and office equipment	10
Computers	3

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of income and expenditure.

INVESTMENT PROPERTIES - Investment properties held to earn rentals and for capital appreciation are stated at periodic valuation on an open market value for existing use basis. Professional valuations are obtained annually. Gains or losses arising from changes in the fair value of investment property are included in the statements of income and expenditure for the period in which they arise.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash- generating unit to which the asset belongs. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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. An impairment loss is recognised immediately in the statements of income and expenditure.

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, but 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 an impairment loss is recognised immediately in the statements of income and expenditure.

INVENTORIES - Inventories comprise religious books and audio CDs and are stated at the lower of cost (first-in first-out basis) and net realisable value. Net realisable value represents estimated selling price less all estimated costs to be incurred on marketing, selling and distribution.

PROVISIONS - Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

RECOGNITION OF INCOME

General Donations

Donations are recorded when received.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Membership and subscription fees

Membership and subscription fees are accounted for on an accrual basis.

Sales and service income

Sales of books and cassettes are recognised when risks and rewards are transferred. Service income is recognised when services are rendered.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

GRANTS - Grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statements of financial position and transferred to statements of income and expenditure on a systematic and rational basis over the useful lives of the related assets.

Other grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

LEASES - Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Rentals payable under operating leases are charged to the income and expenditure statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash and fixed deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management is of the opinion that any instances of application of judgements are not expected to have a 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 the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives of property, plant and equipment

As described in Note 2, the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. In 2016, the useful lives of property, plant and equipment were estimated to be between 3 to 50 years (2015 : 3 to 50 years). The carrying amount of the property, plant and equipment are disclosed at Note 7.

Valuation of investment properties

Investment properties are stated at fair value based on independent professional valuations. In determining the fair value, the valuer has used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value include open market value for existing use.

The valuer has considered valuation technique which is the direct comparison method in arriving at the open market value as at the end of each reporting period. The direct comparison method involves the analysis of properties prices and adjusting the prices to that reflective of the Group's investment properties.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the independent valuer has appropriate recognised professional qualifications and their estimates are reflective of current market conditions at the end of each reporting period. Please see Note 8 for the fair value of the investment properties at the end of each reporting period.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group manages its exposure to financial risks using a variety of techniques and instruments. It does not hold or issue derivative financial instruments for trading purposes.

The Group has established risk management policies and guidelines which set out its overall risk management strategies.

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Financial assets				
Trade and other receivables cash and cash equivalents)	15,330,075	16,815,954	15,330,075	16,815,954
Held-to-maturity investments	7,500,000	5,000,000	7,500,000	5,000,000
Fair value through profit or loss				
- Held for trading	420,037	572,106	420,037	572,106
Financial liabilities				
Amortised cost	419,235	475,292	419,235	475,292

(b) Financial risk management policies and objectives

i) Credit risk

The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial losses from default. The Group places its cash and cash equivalents and held-to-maturity financial asset with reputable institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position.

Although the Group's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single customer or group of customers.

The carrying amounts of trade and other receivables are disclosed in Notes 12 and 13 respectively.

ii) Interest rate risk

The Group does not have any significant exposure to interest rate risk as interest-bearing financial assets are substantially short-term and there are no interest-bearing financial liabilities at the end of the reporting period.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possibly changes to interest rates on interest bearing financial instruments at the end of the reporting period.

iii) Foreign currency risk

The Group's operations are transacted in Singapore dollars and, accordingly, there is no foreign currency risk.

iv) Liquidity risk

The Group maintains adequate highly liquid assets in the form of cash to assure necessary liquidity.

The Group's financial assets and liabilities are either due or on demand within 1 year.

v) Equity price risk

The Group is exposed to equity risks arising from equity investments classified as held for trading.

If equity prices increases (decreases) by 10%, the Group's net surplus for the year ended December 31, 2016 increases (decreases) by $42,004 (2015 : $57,211).

(vi) Fair value of financial assets and financial liabilities

Group/Association

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets/ financial liabilities	**Fair value as at (S$)**				**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
	2016		**2015**					
	Assets	**Liabilities**	**Assets**	**Liabilities**				
Held-for-trading investments (see Note 11)								
(1) Equity investment	420,037	-	572,106	-	Level 1	Quoted bid prices in an active market	N/A	N/A

Fair value of the financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The carrying amounts of cash and cash equivalents, fixed deposits, held-to-maturity financial asset, trade and other receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(c) *Capital management policies and objective*

The Group reviews its capital structure at least annually to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of fund reserves. The Group's overall strategy remains unchanged from 2015.

5 RELATED COMPANY TRANSACTIONS

Related company in these financial statements refers to the subsidiary of the Association. The intercompany balances are unsecured, interest-free and without fixed repayment terms unless stated otherwise.

6 RELATED PARTY TRANSACTIONS

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, repayable on demand and interest-free.

Compensation of key management personnel

The remuneration of members of key management personnel during the year was as follows:

	Group and Association	
	2016	2015
	$	$
Short-term benefits	490,600	541,752
Post-employment benefits	69,189	75,733
	559,789	617,485

The remuneration of members of key management personnel refers to short-term and post-employment benefits received by 7 (2015 : 8) key staff members of the Group and Association. Members of the Executive Committee and Council did not receive any remuneration from the Group or Association during the year.

7 PROPERTY, PLANT AND EQUIPMENT

	Building	Renovation	Furniture, fittings and office equipment	Computers	Total
	$	$	$	$	$
Group					
Cost:					
At January 1, 2015	12,376,577	2,970,279	579,709	376,672	16,303,237
Additions	-	398,866	29,545	20,890	449,301
Disposals	-	(29,974)	(154,562)	(1,473)	(186,009)
At December 31, 2015	12,376,577	3,339,171	454,692	396,089	16,566,529
Additions	-	-	10,046	145,002	155,048
Disposals	-	-	(8,728)	(650)	(9,378)
At December 31, 2016	12,376,577	3,339,171	456,010	540,441	16,712,199
Accumulated					
At January 1, 2015	4,328,874	2,337,924	345,981	341,544	7,354,323
Depreciation	243,870	82,861	30,661	21,305	378,697
Disposals	-	(23,256)	(150,854)	(1,473)	(175,583)
At December 31, 2015	4,572,744	2,397,529	225,788	361,376	7,557,437
Depreciation	243,870	111,945	32,590	54,836	443,241
Disposals	-	-	(8,728)	(650)	(9,378)
At December 31, 2016	4,816,614	2,509,474	249,650	415,562	7,991,300
Carrying amount:					
At December 31, 2016	7,559,963	829,697	206,360	124,879	8,720,899
At December 31, 2015	7,803,833	941,642	228,904	34,713	9,009,092

	Building	Renovation	Furniture, fittings and office equipment	Computers	Total
	$	$	$	$	$
Association					
Cost:					
At January 1, 2015	12,376,577	2,962,895	579,644	376,578	16,295,694
Additions	-	398,866	29,545	20,890	449,301
Disposals	-	(29,974)	(154,562)	(1,473)	(186,009)
At December 31, 2015	12,376,577	3,331,787	454,627	395,995	16,558,986
Additions	-	-	10,046	145,002	155,048
Disposals	-	-	(8,728)	(650)	(9,378)
At December 31, 2016	12,376,577	3,331,787	455,945	540,347	16,704,656
Accumulated					
At January 1, 2015	4,328,874	2,330,541	345,915	341,450	7,346,780
Depreciation	243,870	82,861	30,661	21,305	378,697
Disposals	-	(23,256)	(150,854)	(1,473)	(175,583)
At December 31, 2015	4,572,744	2,390,146	225,722	361,282	7,549,894
Depreciation	243,870	111,945	32,590	54,836	443,241
Disposals	-	-	(8,728)	(650)	(9,378)
At December 31, 2016	4,816,614	2,502,091	249,584	415,468	7,983,757
Carrying amount:					
At December 31, 2016	7,559,963	829,696	206,361	124,879	8,720,899
At December 31, 2015	7,803,833	941,641	228,905	34,713	9,009,092

Description/Location	Tenure of land/ (Gross floor area)
Freehold building 32 Onan Road, The Galaxy, Singapore	Freehold (1,236 sq.m)

Depreciation charge for the year is allocated as follows:

	Group and Association	
	2016	2015
	$	$
Zakat Trust Fund	421,079	359,762
Expenditure for the Group (Note 19)	22,162	18,935
Total	443,241	378,697

8 INVESTMENT PROPERTIES

	Group and Association	
	2016	2015
	$	$
At fair value		
Balance at beginning of year	11,500,000	11,800,000
Loss on fair value adjustment included in statements of income and expenditure	(1,900,000)	(300,000)
Balance at end of year	9,600,000	11,500,000

i)

Location	Tenure of land/ (Gross floor area)	Fair value 2016	Fair value 2015	Description
		$	$	
#19-01 Suntec City Tower 1 7 Temasek Boulevard Singapore	99 years lease from May 28, 1999 (430 sq.m)	9,600,000	11,500,000	1 floor of commercial space
Total		9,600,000	11,500,000	

The Group's leasehold investment properties in 2016 and 2015 are stated at fair value based on a professional valuation carried out by Newman & Goh in January 2017 (2015 : January 2016) on the basis of direct comparison approach.

The leasehold property has been rented to certain tenants on normal commercial terms for periods of 2 years. The rental income earned by the Group and the Association from the investment properties, which are leased out under operating leases, amounted to $384,558 (2015 : $383,543). Direct operating expenses arising from the property in the year amounted to $86,614 (2015 : $104,201).

Fair value measurement of the Group's buildings

The fair value of the building was determined by adopting the direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. The valuation conforms to International Valuation Standards. There has been no change to the valuation technique during the year.

The valuer has considered valuation technique which is the direct comparison method in arriving at the open market value as at the end of each reporting period. The direct comparison method involves the analysis of properties prices and adjusting the prices to that reflective of the Group's investment properties.

Management considers that certain unobservable inputs used in the fair value measurement of the Group's building are sensitive to the fair value measurement. A change in these inputs will have a corresponding increase/ decrease in the fair valuation as follows:

The unobservable inputs used in the fair value measurement of the building are price per floor area, age of property, whether property is held freehold and free of encumbrances, restrictions, or outgoings of an onerous nature. Significant increases (decreases) in these assumptions would result in a significantly higher (lower) fair value measurement.

Name of property	**Fair value as at December 31, 2016**	**Valuation Methodology**	**Significant unobservable inputs (Level 3)**	**Range**
	$'000			
#19-01 Suntec City Tower 1 7 Temasek Boulevard Singapore	9,600	Direct Comparison Method	Price per floor area	$2,480 - $3,000

Details of the Group's and Association's investment property and information about the fair value hierarchy as at December 31, 2015 and 2016 are as follows:

	Level 1	Level 2	Level 3	Fair value as at December 31, 2016
	$	$	$	$
Investment property units located in Suntec City	-	-	9,600,000	9,600,000

	Level 1	Level 2	Level 3	Fair value as at December 31, 2015
	$	$	$	$
Investment property units located in Suntec City	-	-	11,500,000	11,500,000

There were no transfers between respective levels during the year.

9 INVESTMENT IN SUBSIDIARY

	Association 2016	Association 2015
	$	$
Unquoted equity shares, at cost	200,000	200,000
Impairment loss	(200,000)	(200,000)
	-	-
Amount due from subsidiary company	130,414	128,641
Allowance for doubtful debt	(130,414)	(128,641)
	-	-

Movement in the allowance for doubtful debts:

	2016	2015
Balance at beginning of year	128,641	127,676
Allowance recognised in income and expenditure	1,773	965
Balance at end of the year	130,414	128,641

Name of subsidiary	Country of incorporation (or registration) and operation	Proportion of ownership interest 2016	Proportion of ownership interest 2015	Proportion of voting power held 2016	Proportion of voting power held 2015	Principal activities
		%	%	%	%	
Centre for Islamic Management Studies Pte Ltd	Singapore	100	100	100	100	Provision for diploma level courses in Islamic and Management studies

* On January 1, 2012, the subsidiary transferred its assets to the Association and was dormant. The impact of the transfer was not material to the Group.

10 FIXED DEPOSITS AND HELD-TO-MATURITY FINANCIAL ASSET

	Group and Association	
	2016	2015
	$	$
Fixed deposits	12,500,000	12,649,599
Held-to-maturity financial asset	7,500,000	5,000,000
	20,000,000	17,649,599

Fixed deposits bear interest at a range of 0.82% to 2.00% (2015 : 1.45% to 1.90%) per annum and for a tenor of approximately 90 to 360 days (2015 : 90 to 360 days). All of the fixed deposits pertain to Islamic deposits placed with the bank. Fixed deposits are denominated in Singapore dollars.

Held-to-maturity financial asset includes Commodity Murabahah Deposits renewed in 2016, with principal and carrying amount of $1,000,000, $2,000,000 and $2,000,000 and maturity dates on April 10, 2017, November 6, 2017 and May 29, 2017 respectively. New placements were made to Commodity Murabahah Deposits in 2016 with principal amount of $1,000,000 and $1,500,000 and maturity dates on February 3, 2017 and May 23, 2017 respectively. The held-to-maturity financial asset is denominated in Singapore dollars.

11 HELD FOR TRADING INVESTMENTS

	Group and Association	
	2016	2015
	$	$
Quoted equity shares, at fair value	420,037	572,106

The investments above include investments in quoted equity securities that are denominated in Singapore Dollars that offer the Group the opportunity for return through fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year. The Group classifies its held for trading investments fair value measurement using a fair value hierarchy of Level 1, which is based on the carrying amount of this investment which approximates the fair value.

12 TRADE RECEIVABLES

	Group and Association	
	2016	2015
	$	$
Trade receivables	20,273	135,989
Less: Allowance for doubtful debts	(600)	(92,910)
	19,673	43,079

The average credit period is 30 days (2015 : 30 days). No interest is charged on the outstanding trade receivables balance.

The Group's and Association's trade receivables are denominated in Singapore dollars.

The table below is an analysis of trade receivables as at December 31:

	Group and Association	
	2016	2015
	$	$
Past due but not impaired (i)	19,673	43,079
Impaired receivables - individually assessed (i), (ii)		
- Past due more than 36 months and no response to repayment demands	600	92,910
Less: Allowance for impairment	(600)	(92,910)
Total trade receivables, net	19,673	43,079
(i) Aging of receivables that are past due but not impaired		
< 3 months	19,673	43,079

(ii) These amounts are stated before any deduction for impairment losses.

(iii) These receivables are not secured by any collateral or credit enhancements.

	Group and Association	
	2016	2015
	$	$
Balance at beginning of the year	92,910	165,870
Written off during the year	(92,310)	(26,930)
Decrease in allowance recognised in income and expenditure	-	(46,030)
Balance at end of the year	600	92,910

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit allowances required in excess of the allowance for doubtful debts.

13 OTHER RECEIVABLES AND PREPAYMENTS

	Group and Association	
	2016	2015
	$	$
Deposits	22,151	23,370
Prepayments	32,302	162,458
Others	40,286	55,734
	94,739	241,562
Less: Allowance for doubtful debts	-	(9,525)
Total	94,739	232,037

Movement in the allowance for doubtful debts:

	Group and Association	
	2016	2015
	$	$
Balance at beginning of the year	9,525	9,525
Written off during the year	(9,525)	-
Balance at end of the year	-	9,525

The Group's and Association's other receivables and prepayments are denominated in Singapore dollars.

14 INVENTORIES

	Group and Association	
	2016	2015
	$	$
Books and audio CDs for re-sale	40,787	54,371

15 OTHER PAYABLES

	Group and Association	
	2016	2015
	$	$
Prepaid course fees	97,010	98,577
Deposits	112,961	112,961
Accrued expenses	248,669	339,301
Advance receipts	130,378	139,999
Others	34,084	23,030
Total	623,102	713,868

16 TRANSFER FROM ZAKAT TRUST FUND TO BUILDING FUND

This represents a yearly transfer from the Zakat Trust Fund to the Building Fund based on imputed rental premium for the programmes and activities held in the Association's building. The amount transferred for 2016 is $80,000 (2015 : $80,000).

17 TRANSFER FROM BUILDING FUND TO GENERAL FUND

This refers to a yearly transfer from the Building Fund to the General Fund for essential corporate services mandated by law or regulated by authorities or otherwise necessary for the function of the Association. The amount transferred in 2016 is $140,000 (2015 : $140,000).

18 INCOME

	Group and Association	
	2016	2015
	$	$
General donations	159,952	188,067
Interest income	360,337	206,194
Membership and subscription fees	16,043	21,261
Other income	81,858	39,488
Sales and service income	407,343	434,722
Total	1,025,533	889,732

19 EXPENDITURE

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Administration charges	154,319	215,765	154,319	215,765
Auditors' remuneration	11,448	10,919	11,448	10,919
Central provident fund contributions	53,717	53,662	53,717	53,662
Cost of inventories recognised as an expense	95,870	91,118	95,870	91,118
Depreciation of property, plant and equipment (Note 7)	22,162	18,935	22,162	18,935
Loss on disposal of plant and equipment	-	1,564	-	1,564
Members' welfare	20,351	32,722	20,351	32,722
Other operating expenses	211,341	197,127	209,568	196,162
Postage	837	635	837	635
Public relations	23,098	43,434	23,098	43,434
Salaries	316,707	328,363	316,707	328,363
Allowance amount due from subsidiary company (Note 9)	-	-	1,773	965
Bad debts	(200)	1,235	(200)	1,235
Loss on fair value adjustments of investment shares	88,000	37,570	88,000	37,570
Total expenditure	997,650	1,033,049	997,650	1,033,049

20 INCOME TAX EXPENSE

The Association is registered under the Charities Act, 1982.

With effect from Year of Assessment 2008, all registered charities are automatically exempted from income taxes without having to meet the 80% requirement. Therefore, no tax provisions have been made in the current year.

Subject to the agreement of the Comptroller of Income Tax, the subsidiary has tax losses and unabsorbed capital allowances carryforward available for set off against future taxable income as follows:

	2016	2015
	$	$
Tax losses		
Amount at beginning of the year and end of the year	300,115	300,115
Deferred tax benefit on above not recorded	51,020	51,020

The realisation of the future income tax benefits from tax losses carryforwards is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. No deferred tax asset has been recognised due to the unpredictability of future income streams of the subsidiary.

21 OPERATING LEASE ARRANGEMENT

The Group as lessor

The Group rents outs its investment properties in Singapore under operating leases. Property rental income earned during the year was $384,558 (2015 : $383,543).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2016	2015
	$	$
Within one year	277,692	269,050
In the second to fifth years inclusive	-	174,842
	277,692	443,892

22 COMMITMENT

	Group and Association	
	2016	2015
	$	$
Commitment for acquisition of property, plant and equipment	-	18,499