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THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

REPORT AND FINANCIAL STATEMENTS

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THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
AND ITS SUBSIDIARY

STATEMENT BY THE MANAGEMENT

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, 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 as set out on pages 4 to 36 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Association as at December 31, 2012 and of the results 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
President

....
Moiz Abdulkader Tyebally
Vice President (Finance)

Singapore
Date: 22 MAR 2013

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE

Report on the Financial Statements

We have audited the accompanying financial statements of The Muslim Converts' Association of Singapore (the "Association") and its subsidiary (the "Group") which comprise the statements of financial position of the Group and the Association as at December 31, 2012, the General Fund statements of income and expenditure, Zakat Trust Fund statements of income and expenditure, Building Fund statements of income and expenditure and statements of changes in funds of the Group and the Association, and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, set out on pages 4 to 36.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies Act, Charities Act, Cap. 37 (the "Acts") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, 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 are properly drawn up in accordance with the provisions of the Acts and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Association as at December 31, 2012 and of the results, changes in funds of the Group and the Association and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Acts to be kept by the Association have been properly kept in accordance with the provisions of the Acts.

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants

Singapore
March 22, 2013

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION
December 31, 2012

	Note	Group 2012 $	Group 2011 $	Association 2012 $	Association 2011 $
GENERAL FUND		1,420,478	1,339,306	1,484,345	1,398,265
ZAKAT TRUST FUND		4,229,981	3,814,561	4,166,114	3,750,694
BUILDING FUND		35,331,875	31,265,416	35,331,875	31,265,416
TOTAL FUNDS		40,982,334	36,419,283	40,982,334	36,414,375
REPRESENTED BY:					
Non-current assets					
Property, plant and equipment	7	8,819,132	9,117,984	8,819,132	9,103,925
Investment properties	8	11,000,000	16,200,000	11,000,000	16,200,000
Investment in subsidiary	9	-	-	-	-
Total non-current assets		19,819,132	25,317,984	19,819,132	25,303,925
Current assets					
Cash and bank balances		7,892,301	7,048,749	7,892,301	7,041,010
Fixed deposits and held-to-maturity financial asset	10	4,437,166	4,427,674	4,437,166	4,427,674
Held for trading investments	11	283,750	66,000	283,750	66,000
Trade receivables	12	36,894	30,639	36,894	11,339
Other receivables and prepayments	13	126,009	78,373	126,009	77,370
Amount due from subsidiary company	9	-	-	-	-
Investment property held for sale	8	8,900,000	-	8,900,000	-
Inventories	14	67,472	61,143	67,472	6,847
Total current assets		21,743,592	11,712,578	21,743,592	11,630,240
Less: Current liability					
Other payables	15	580,390	611,279	580,390	519,790
Net current assets		21,163,202	11,101,299	21,163,202	11,110,450
Total net assets		40,982,334	36,419,283	40,982,334	36,414,375

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, 2012

	Note	Group 2012 $	Group 2011 $	Association 2012 $	Association 2011 $
INCOME	18	684,216	681,163	684,216	394,736
REVERSAL OF IMPAIRMENT ON BUILDING	7	-	546,073	-	546,073
EXPENDITURE	19	(743,044)	(953,453)	(738,136)	(662,675)
(Deficit)/ Surplus of income over expenditure before transfer from Building Fund		(58,828)	273,783	(53,920)	278,134
Transfer from Building Fund	17	140,000	140,000	140,000	140,000
Surplus after transfer from Building Fund, representing total comprehensive income for the year		81,172	413,783	86,080	418,134
Balance at beginning of year		1,339,306	925,523	1,398,265	980,131
Balance at end of year		1,420,478	1,339,306	1,484,345	1,398,265

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, 2012

	Note	Group 2012 $	Group 2011 $	Association 2012 $	Association 2011 $
INCOME					
Donations from individuals		3,293,884	3,039,977	3,293,884	3,039,977
Fidyah		91,642	63,172	91,642	63,172
Grant/donations from MUIS		244,332	249,326	244,332	249,326
Other income		30,262	52,391	30,262	52,391
Total income		3,660,120	3,404,866	3,660,120	3,404,866
EXPENDITURE					
Administration charges		324,075	346,037	324,075	346,037
Central provident fund contributions		117,704	112,007	117,704	112,007
Converts' welfare		183,990	183,507	183,990	183,507
Da'wah		397,303	432,777	397,303	441,995
Loss on disposal of property, plant and equipment		2,042	907	2,042	907
Depreciation of property, plant and equipment		330,185	282,772	330,185	282,772
Financial aid/zakat distributions		953,380	1,041,295	953,380	1,041,336
Salaries		833,430	800,832	833,430	800,832
Zakat project		22,591	25,483	22,591	25,483
Total expenditure		3,164,700	3,225,617	3,164,700	3,234,876
Surplus of income over expenditure before transfer to Building Fund		495,420	179,249	495,420	169,990
Transfer to Building Fund	16	(80,000)	(80,000)	(80,000)	(80,000)
Surplus after transfer to Building Fund, representing total comprehensive income for the year		415,420	99,249	415,420	89,990
Balance at beginning of year		3,814,561	3,715,312	3,750,694	3,660,704
Balance at end of year		4,229,981	3,814,561	4,166,114	3,750,694

See accompanying notes to financial statements.

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
AND ITS SUBSIDIARY

BUILDING FUND
STATEMENTS OF INCOME AND EXPENDITURE
Year ended December 31, 2012

	Note	Group and Association 2012 $	Group and Association 2011 $
INCOME			
Rental from investment properties		573,161	543,788
Gain on fair value adjustments of investment properties	8	3,700,000	2,450,000
Total income		4,273,161	2,993,788
EXPENDITURE			
Maintenance of building		73,817	66,582
Professional fees		650	325
Property tax		61,200	59,700
Administrative expenses		11,035	11,173
Total expenditure		146,702	137,780
Surplus of income over expenditure before transfer to General Fund and from Zakat Trust Fund		4,126,459	2,856,008
Transfer to General Fund	17	(140,000)	(140,000)
Transfer from Zakat Trust Fund	16	80,000	80,000
Surplus after transfer to General Fund and from Zakat Trust Fund, representing total comprehensive income for the year		4,066,459	2,796,008
Balance at beginning of year		31,265,416	28,469,408
Balance at end of year		35,331,875	31,265,416

See accompanying notes to financial statements.

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN FUNDS
Year ended December 31, 2012

	Group		Association	
	2012	2011	2012	2011
	$	$	$	$
Balance at beginning of year	36,419,283	33,110,243	36,414,375	33,110,243
Surplus of income over expenditure from:				
General Fund	81,172	413,783	86,080	418,134
Zakat Trust Fund	415,420	99,249	415,420	89,990
Building Fund	4,066,459	2,796,008	4,066,459	2,796,008
Balance at end of year	40,982,334	36,419,283	40,982,334	36,414,375
Comprising:				
General Fund	1,420,478	1,339,306	1,484,345	1,398,265
Zakat Fund	4,229,981	3,814,561	4,166,114	3,750,694
Building Fund	35,331,875	31,265,416	35,331,875	31,265,416
	40,982,334	36,419,283	40,982,334	36,414,375

See accompanying notes to financial statements.

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2012

	Group 2012 $	Group 2011 $
Operating activities		
General Fund - surplus of income over expenditure	81,172	413,783
Zakat Trust Fund – surplus of income over expenditure	415,420	99,249
Building Fund - surplus of income over expenditure	4,066,459	2,796,008
	4,563,051	3,309,040
Adjustments for:		
Depreciation	347,563	302,440
Interest income	(65,577)	(26,820)
Allowance for doubtful trade debts	18,060	5,070
Allowance for doubtful non-trade debts	-	1,575
Loss on disposal of plant and equipment	2,402	955
Reversal of impairment on building	-	(546,073)
Gain on fair value adjustments of investment properties	(3,700,000)	(2,450,000)
Operating surplus before working capital changes	1,165,499	596,187
Inventories	(6,329)	209
Trade receivables	(24,315)	(16,385)
Other receivables and prepayments	(47,636)	204,159
Other payables	(30,889)	52,860
Net cash from operating activities	1,056,330	837,030
Investing activities		
Interest received	65,577	26,820
Purchase of property, plant and equipment	(51,113)	(252,763)
Purchase of held for trading investments	(217,750)	(66,000)
Net cash used in investing activities	(203,286)	(291,943)
Net increase in cash and cash equivalents	853,044	545,087
Cash and cash equivalents at beginning of the year	10,476,423	9,931,336
Cash and cash equivalents at end of the year	11,329,467	10,476,423

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

	2012	2011
Cash and bank balances	7,892,301	7,048,749
Fixed deposits (Note 10)	3,437,166	3,427,674
Total	11,329,467	10,476,423

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, 2012 were authorised for issue by the management on March 22, 2013.

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").

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2012, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant 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 and Association's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

- FRS 113 *Fair Value Measurement*

- Annual Improvements to FRS 2012

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 113 Fair Value Measurement

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 Share-based Payment, FRS 17 Leases, net realisable value in FRS 2 Inventories and value-in-use in FRS 36 Impairment of Assets.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after January 1, 2013. Comparative information is not required for periods before initial application.

The Group is currently estimating the effects of FRS 113 in the period of initial adoption.

Annual Improvements to FRS 2012

The Annual Improvements include a number of amendments to various FRSs. The amendments are effective for annual periods beginning on or after January 1, 2013. The amendments include:

- Amendments to FRS 16 *Property, Plant and Equipment; and*
- Amendments to FRS 32 *Financial Instruments: Presentation*

Amendments to FRS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in FRS 16 and as inventory if otherwise.

Amendments to FRS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with FRS 12 Income Taxes.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Association in the period of their initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Association and subsidiary controlled by the Association. Control is achieved where the Association has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies into line with those used by other members of the Group.

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 statement of income and expenditure.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's 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".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 either held for trading or it is designated as at FVTPL.

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
- 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.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- it forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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. 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

For financial assets carried at amortised cost, the amount of the impairment 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 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.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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.

Building Fund

The building fund was established to collect donations to purchase 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 statement of income and expenditure for the period in which they arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

NON-CURRENT ASSETS HELD FOR SALE - Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

IMPAIRMENT OF ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its 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 statement of income and expenditure.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 statement 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

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, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Membership and subscription fees

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

Sales and services 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 2012, the useful lives of property, plant and equipment were estimated to be between 3 to 50 years.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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 RISKS AND 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	
	2012	2011	2012	2011
	$	$	$	$
Financial assets				
Loans and receivables (including cash and cash equivalents)	11,479,886	10,570,654	11,479,886	10,542,612
Held-to-maturity investments	1,000,000	1,000,000	1,000,000	1,000,000
Fair value through profit or loss - Held for trading	283,750	66,000	283,750	66,000
Financial liabilities				
Amortised cost	443,544	542,893	443,544	501,490

4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

(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 statement 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.

4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

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 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, 2012 increases (decreases) by $28,375 (2011 : $6,600).

vi) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, fixed deposits and 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.

The Group classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

vi) Capital risk management policies and objectives

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 2011.

5 RELATED COMPANY TRANSACTIONS

Related company in these financial statements refer 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	
	2012	2011
	$	$
Short-term benefits	413,072	400,168
Post-employment benefits	55,122	45,254
	468,184	445,422

The remuneration of members of key management personnel refers to short-term and post-employment benefits received by 7 (2011 : 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, 2011	12,376,577	2,359,873	663,115	282,397	15,681,962
Additions	-	17,454	28,629	206,680	252,763
Disposals	-	-	(38,050)	(120,246)	(158,296)
At December 31, 2011	12,376,577	2,377,327	653,694	368,831	15,776,429
Additions	-	-	15,484	35,629	51,113
Disposals	-	-	(47,450)	(38,520)	(85,970)
At December 31, 2012	12,376,577	2,377,327	621,728	365,940	15,741,572
Accumulated depreciation:					
At January 1, 2011	3,368,563	2,304,796	566,487	273,500	6,513,346
Depreciation	228,701	10,837	19,460	43,442	302,440
Disposals	-	-	(37,095)	(120,246)	(157,341)
At December 31, 2011	3,597,264	2,315,633	548,852	196,696	6,658,445
Depreciation	243,870	9,533	20,028	74,132	347,563
Disposals	-	-	(45,048)	(38,520)	(83,568)
At December 31, 2012	3,841,134	2,325,166	523,832	232,308	6,922,440
Impairment loss:					
At January 1, 2011	546,073	-	-	-	546,073
Reversal of impairment	(546,073)	-	-	-	(546,073)
At December 31, 2011 and 2012	-	-	-	-	-
Carrying amount:					
At December 31, 2012	8,535,443	52,161	97,896	133,632	8,819,132
At December 31, 2011	8,779,313	61,694	104,842	172,135	9,117,984

7 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Building	Renovation	Furniture, fittings and office equipment	Computers	Total
	$	$	$	$	$
Association					
Cost:					
At January 1, 2011	12,376,577	2,331,315	661,366	281,719	15,650,977
Additions	-	17,454	28,629	206,512	252,595
Disposals	-	-	(38,050)	(120,246)	(158,296)
At December 31, 2011	12,376,577	2,348,769	651,945	367,985	15,745,276
Additions	-	-	15,484	35,629	51,113
Transfer from subsidiary	-	21,174	1,684	752	23,610
Disposals	-	-	(47,450)	(38,520)	(85,970)
At December 31, 2012	12,376,577	2,369,943	621,663	365,846	15,734,029
Accumulated depreciation:					
At January 1, 2011	3,368,563	2,293,177	566,085	273,212	6,501,037
Depreciation	228,701	6,602	19,123	43,229	297,655
Disposals	-	-	(37,095)	(120,246)	(157,341)
At December 31, 2011	3,597,264	2,299,779	548,113	196,195	6,641,351
Depreciation	243,870	9,533	20,028	74,132	347,563
Transfer from subsidiary	-	8,470	673	408	9,551
Disposals	-	-	(45,048)	(38,520)	(83,568)
At December 31, 2012	3,841,134	2,317,782	523,766	232,215	6,914,897
Impairment loss:					
At January 1, 2011	546,073	-	-	-	546,073
Reversal of impairment	(546,073)	-	-	-	(546,073)
At December 31, 2011 and 2012	-	-	-	-	-
Carrying amount:					
At December 31, 2012	8,535,443	52,162	97,896	133,631	8,819,132
At December 31, 2011	8,779,313	48,990	103,832	171,790	9,103,925

7 PROPERTY, PLANT AND EQUIPMENT (cont'd)

In 2011, the Group and the Association made a full reversal of $546,073 on provision for impairment on its building, as a result of a professional valuation carried out by an independent valuer, Newman & Goh in January 2012, on the basis of open market value for existing use. The reversal on the provision for impairment has been reflected in the Statement of Income and Expenditure of the General Fund for the year. The open market value for the building for the year ended December 31, 2011 amounted to $10,000,000.

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		Association	
	2012	2011	2012	2011
	$	$	$	$
Zakat Trust Fund	330,185	282,772	330,185	282,772
Expenditure for the Group (Note 19)	17,378	19,668	17,378	14,883
Total	347,563	302,440	347,563	297,655

8 INVESTMENT PROPERTIES

	Group and Association 2012 $	Group and Association 2011 $
At fair value		
Balance at beginning of year	16,200,000	13,750,000
Gain on fair value adjustment included in statement of income and expenditure	3,700,000	2,450,000
	19,900,000	2,450,000
Investment property reclassified to held for sale	(8,900,000)	-
Balance at end of year	11,000,000	16,200,000

	Location	Tenure of land/ (Gross floor area)	Fair value 2012 $	Fair value 2011 $	Description
i)	#19-01 Suntec City Tower 1 7 Temasek Boulevard Singapore	99 year lease from May 28, 1996 (430 sq. m)	11,000,000	11,300,000	1 floor of commercial space
ii)	970 Geylang Road #01-02 Singapore	99 year lease from November 1, 1994 (330 sq. m)	- *	4,900,000	Private shop
	Total		11,000,000	16,200,000	

The Group's leasehold investment properties are stated at fair value based on a professional valuation carried out by Newman & Goh in January 2013 on the basis of open market value for existing use.

* Following the approval of the management on October 27, 2012 for the sale of 970 Geylang Road, the carrying value has been reclassified as investment property held for sale in the Statement of Financial Position. Subsequent to year end, the investment property was sold for $8,900,000.

The leasehold properties have been rented to certain tenants on normal commercial terms for periods ranging from 2 to 3 years. The rental income earned by the Group and the Association from the investment properties, which are leased out under operating leases, amounted to $573,161 (2011 : $543,788). Direct operating expenses arising from these properties in the year amounted to $146,702 (2011 : $137,780).

9 INVESTMENT IN SUBSIDIARY

	Association 2012 $	Association 2011 $
Unquoted equity shares, at cost	200,000	200,000
Impairment loss	(200,000)	(200,000)
	-	-

	Association 2012 $	Association 2011 $
Amount due from subsidiary company	126,406	130,704
Allowance for doubtful debt	(126,406)	(130,704)
	-	-

Movement in the allowance for doubtful debts:

	Association 2012 $	Association 2011 $
Balance at beginning of year	130,704	95,176
(Reversal)/ Allowance recognised in income and expenditure	(4,298)	35,528
Balance at end of the year	126,406	130,704

Name of subsidiary	Country of incorporation (or registration) and operation	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %	Proportion of voting power held 2012 %	Proportion of voting power held 2011 %	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 is dormant. The impact of the transfer was not material to the Group.

10 FIXED DEPOSITS AND HELD-TO-MATURITY FINANCIAL ASSET

	Group and Association	
	2012	2011
	$	$
Fixed deposits	3,437,166	3,427,674
Held-to-maturity financial asset	1,000,000	1,000,000
	4,437,166	4,427,674

Fixed deposits bear interest at a range of 0.10% to 0.45% (2011 : 0.15% to 0.38%) per annum and for a tenor of approximately 90 days (2011 : 90 days). Fixed deposits are denominated in Singapore dollars.

Held-to-maturity financial asset refers to a Commodity Murabahah Deposit placed during the year, with principal amount and carrying amount of $1,000,000 and maturity date on January 2, 2013. The held-to-maturity financial asset is denominated in Singapore dollars. In 2011, held-to-maturity financial asset refers to a Commodity Murabahah Deposit with the principal amount and carrying amount of $1,000,000 and maturity date on March 29, 2012.

11 HELD FOR TRADING INVESTMENTS

	Group and Association	
	2012	2011
	$	$
Quoted equity shares, at fair value	283,750	66,000

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		Association	
	2012	2011	2012	2011
	$	$	$	$
Trade receivables	202,764	178,449	202,764	154,749
Less: Allowance for doubtful debts	(165,870)	(147,810)	(165,870)	(143,410)
	36,894	30,639	36,894	11,339

The average credit period is 30 days (2011 : 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		Association	
	2012	2011	2012	2011
	$	$	$	$
Past due but not impaired (i)	36,894	30,639	36,894	11,339
Impaired receivables - individually assessed (ii), (iii)				
- Past due more than 36 months and no response to repayment demands	165,870	147,810	165,870	143,410
Less: Provision for impairment	(165,870)	(147,810)	(165,870)	(143,410)
Total trade receivables, net	36,894	30,639	36,894	11,339

(i) Aging of receivables that are past due but not impaired

< 3 months	36,894	30,639	36,894	11,339
6 months to 12 months	-	-	-	-
	36,894	30,639	36,894	11,339

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

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

12 TRADE RECEIVABLES (cont'd)

Movement in the allowance for doubtful debts:

	Group		Association	
	2012	2011	2012	2011
	$	$	$	$
Balance at beginning of the year	147,810	142,740	143,410	138,340
Allowance recognised in income and expenditure	18,060	5,070	22,460	5,070
Balance at end of the year	165,870	147,810	165,870	143,410

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		Association	
	2012	2011	2012	2011
	$	$	$	$
Deposits	20,740	24,903	20,740	23,900
Prepayments	12,484	14,781	12,484	14,781
Others	102,310	48,214	102,310	48,214
	135,534	87,898	135,534	86,895
Less: Allowance for doubtful debts	(9,525)	(9,525)	(9,525)	(9,525)
Total	126,009	78,373	126,009	77,370

Movement in the allowance for doubtful debts:

	Group 2012	Group 2011	Association 2012	Association 2011
Balance at beginning of the year	9,525	7,950	9,525	7,950
Allowance recognised in income and expenditure	-	1,575	-	1,575
Balance at end of the year	9,525	9,525	9,525	9,925

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

14 INVENTORIES

	Group		Association	
	2012	2011	2012	2011
	$	$	$	$
Books and audio CDs for re-sale	67,472	61,143	67,472	6,847

15 OTHER PAYABLES

	Group		Association	
	2012	2011	2012	2011
	$	$	$	$
Prepaid course fees	64,785	51,299	64,785	1,213
Deposits	137,379	148,965	137,379	148,965
Accrued expenses	274,345	360,935	274,345	319,532
Advance receipts	72,061	17,088	72,061	17,088
Others	31,820	32,992	31,820	32,992
Total	580,390	611,279	580,390	519,790

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

16 TRANSFER FROM ZAKAT TRUST FUND TO BUILDING FUND

This represents a yearly transfer from the Zakat Trust Fund to the Building Fund, to better reflect the rental premium of programmes and activities held in the Association's building. The amount transferred for 2012 is $80,000 (2011 : $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. The quantum of transfer is at management's discretion.

18 INCOME

	Group		Association	
	2012	2011	2012	2011
	$	$	$	$
General donations	152,809	125,724	152,809	125,724
Interest income	65,577	26,820	65,577	26,820
Membership and subscription fees	22,021	20,525	22,021	20,525
Other income	39,653	99,298	39,653	70,125
Sales and service income	404,156	408,796	404,156	151,542
Total	684,216	681,163	684,216	394,736

19 EXPENDITURE

	Group		Association	
	2012	2011	2012	2011
	$	$	$	$
Administration charges	56,865	116,630	56,865	116,630
Auditors' remuneration	11,103	13,266	11,103	11,066
Central provident fund contributions	33,393	41,134	33,393	29,161
Cost of sales	180,315	177,796	180,315	24
Depreciation of property, plant and equipment (Note 7)	17,378	19,668	17,378	14,883
Loss on disposal of plant and equipment	360	48	360	48
Members' welfare	21,276	27,303	21,276	27,303
Other operating expenses	141,435	143,708	140,825	140,992
Postage	366	362	366	362
Public relations	25,444	73,682	25,444	73,682
Salaries	237,049	333,211	237,049	206,351
(Reversal)/ Allowance for amount due from subsidiary company	-	-	(4,298)	35,528
Allowance for doubtful trade debts	18,060	5,070	18,060	5,070
Allowance for doubtful non-trade debts	-	1,575	-	1,575
Total expenditure	743,044	953,453	738,136	662,675

20 TAXATION

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:

	2012 $	2011 $
Tax losses		
Amount at beginning of the year	300,115	272,081
Amount in current year	-	28,034
Amount at 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 $573,161 (2011 : $543,788).

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

	Group	
	2012 $	2011 $
Within one year	237,739	206,159
In the second to fifth years inclusive	86,350	-
	324,089	206,159