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THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

MANAGEMENTS' STATEMENT AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
AND ITS SUBSIDIARY

MANAGEMENT'S STATEMENT AND FINANCIAL STATEMENTS

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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 6 to 39 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, 2019 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

....
Muhammad Imran Kuna Bin Abdullah
President

....
Ng Keng Khong
Vice President (Finance)

Singapore
Date: 24 MAR 2020

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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, 2019, 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 6 to 39.

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, 2019 and the financial performance and changes in funds 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE

Auditor's Responsibilities 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.

- 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE

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 and the Charities Act and Regulations.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

March 24, 2020

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION
December 31, 2019

	Note	Group		Association	
		2019	2018	2019	2018
		$	$	$	$
GENERAL FUND		2,035,723	1,921,424	2,099,590	1,985,291
ZAKAT TRUST FUND		5,136,425	4,720,103	5,072,558	4,656,236
BUILDING FUND		36,629,954	36,632,307	36,629,954	36,632,307
TOTAL FUNDS		43,802,102	43,273,834	43,802,102	43,273,834
REPRESENTED BY:					
Non-current assets					
Property, plant and equipment	7	7,751,714	8,127,642	7,751,714	8,127,642
Investment properties	8	14,359,321	14,529,321	14,359,321	14,529,321
Investment in subsidiary	9	-	-	-	-
Total non-current assets		22,111,035	22,656,963	22,111,035	22,656,963
Current assets					
Cash and cash balances		1,304,925	2,066,432	1,304,925	2,066,432
Fixed deposits and other financial assets at amortised cost	10	20,500,000	18,500,000	20,500,000	18,500,000
Financial assets at fair value through profit or loss	11	390,361	380,122	390,361	380,122
Trade receivables	12	26,390	20,290	26,390	20,290
Other receivables and prepayments	13	102,284	101,010	102,284	101,010
Amount due from subsidiary company	9	-	-	-	-
Inventories	14	68,904	47,684	68,904	47,684
Total current assets		22,392,864	21,115,538	22,392,864	21,115,538
Less: Current liabilities					
Trade payables		17,307	144	17,307	144
Other payables	15	684,490	498,523	684,490	498,523
Total current liabilities		701,797	498,667	701,797	498,667
Net current assets		21,691,067	20,616,871	21,691,067	20,616,871
Total net assets		43,802,102	43,273,834	43,802,102	43,273,834

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, 2019**

		Group		Association	
	Note	2019	2018	2019	2018
		$	$	$	$
INCOME	18	978,450	923,527	978,450	923,527
EXPENDITURE	19	(1,004,151)	(1,086,941)	(1,004,151)	(1,086,941)
Deficit of income over expenditure before transfer from Building Fund		(25,701)	(163,414)	(25,701)	(163,414)
Transfer from Building Fund	17	140,000	140,000	140,000	140,000
Surplus (Deficit) after transfer from Building Fund, representing total comprehensive income (loss) for the year		114,299	(23,414)	114,299	(23,414)
Balance at beginning of year		1,921,424	1,944,838	1,985,291	2,008,705
Balance at end of year		2,035,723	1,921,424	2,099,590	1,985,291

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, 2019

	Note	Group		Association	
		2019	2018	2019	2018
		$	$	$	$
INCOME					
Donations from individuals		4,156,417	3,890,383	4,156,417	3,890,383
Fidyah		84,521	79,183	84,521	79,183
Grant/donations from MUIS		302,905	329,707	302,905	329,707
Other income		26,400	29,793	26,400	29,793
Total income		4,570,243	4,329,066	4,570,243	4,329,066
EXPENDITURE					
Administrative charges		524,091	481,908	524,091	481,908
Central provident fund contributions		185,789	180,488	185,789	180,488
Converts' welfare		304,150	359,087	304,150	359,087
Da'wah		302,732	309,256	302,732	309,256
Loss on disposal of property, plant and equipment		2,808	1,203	2,808	1,203
Depreciation of property, plant and equipment	7	426,960	463,433	426,960	463,433
Financial aid/zakat distributions		1,178,038	1,340,078	1,178,038	1,340,078
Salaries		1,117,853	1,105,835	1,117,853	1,105,835
Zakat project		31,500	33,350	31,500	33,350
Total expenditure		4,073,921	4,274,638	4,073,921	4,274,638
Surplus of income over expenditure before transfer to Building Fund		496,322	54,428	496,322	54,428
Transfer to Building Fund	16	(80,000)	(80,000)	(80,000)	(80,000)
Surplus (Deficit) after transfer to Building Fund, representing total comprehensive income (loss) for the year		416,322	(25,572)	416,322	(25,572)
Balance at beginning of year		4,720,103	4,745,675	4,656,236	4,681,808
Balance at end of year		5,136,425	4,720,103	5,072,558	4,656,236

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, 2019

	Note	Group and Association 2019	2018
		$	$
INCOME			
Rental from investment properties	21	363,004	332,084
Gain on fair value adjustments of investment properties	8	-	1,519,032
Total income		363,004	1,851,116
EXPENDITURE			
Maintenance of building		70,053	54,174
Professional fees		1,488	750
Property tax		46,900	45,400
Administrative expenses		16,916	13,121
Loss on fair value adjustments of investment properties	8	170,000	-
Total expenditure		305,357	113,445
Surplus of income over expenditure before transfer to General Fund and from Zakat Trust Fund		57,647	1,737,671
Transfer to General Fund	17	(140,000)	(140,000)
Transfer from Zakat Trust Fund	16	80,000	80,000
(Deficit) Surplus after transfer to General Fund and from Zakat Trust Fund, representing total comprehensive (loss) income for the year		(2,353)	1,677,671
Balance at beginning of year		36,632,307	34,954,636
Balance at end of year		36,629,954	36,632,307

See accompanying notes to financial statements.

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN FUNDS
Year ended December 31, 2019

	Group		Association	
	2019	2018	2019	2018
	$	$	$	$
Balance at beginning of year	43,273,834	41,645,149	43,273,834	41,645,149
Surplus (deficit) of income over expenditure from:				
General Fund	114,299	(23,414)	114,299	(23,414)
Zakat Trust Fund	416,322	(25,572)	416,322	(25,572)
Building Fund	(2,353)	1,677,671	(2,353)	1,677,671
Balance at end of year	43,802,102	43,273,834	43,802,102	43,273,834
Comprising:				
General Fund	2,035,723	1,921,424	2,099,590	1,985,291
Zakat Trust Fund	5,136,425	4,720,103	5,072,558	4,656,236
Building Fund	36,629,954	36,632,307	36,629,954	36,632,307
	43,802,102	43,273,834	43,802,102	43,273,834

See accompanying notes to financial statements.

THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2019

	Group	
	2019	2018
	$	$
Operating activities		
General fund - surplus (deficit) of income over expenditure	114,299	(23,414)
Zakat trust fund - surplus (deficit) of income over expenditure	416,322	(25,572)
Building Fund - (deficit) surplus of income over expenditure	(2,353)	1,677,671
	528,268	1,628,685
Adjustments for:		
Depreciation (Note 7)	449,432	487,824
Interest income	(371,723)	(299,240)
(Gain) Loss on fair value adjustments of financial assets at fair value through profit or loss	(10,239)	87,957
Loss on disposal of plant and equipment	3,028	1,266
Net loss (gain) on fair value adjustments of investment properties (Note 8)	170,000	(1,519,032)
Operating surplus before working capital changes	768,766	387,460
Inventories	(21,220)	(7,123)
Trade receivables	(6,100)	(9,995)
Other receivables and prepayments	(1,274)	341,354
Trade payables	17,163	(623)
Other payables	185,967	(273,128)
Net cash from operating activities	943,302	437,945
Investing activities		
Interest received	371,723	299,240
Purchase of property, plant and equipment	(76,532)	(279,005)
Investments in other financial assets at amortised cost (Note 10)	(2,500,000)	(2,500,000)
Proceeds from other financial assets at amortised cost (Note 10)	2,500,000	4,000,000
Net cash from investing activities	295,191	1,520,235
Net increase in cash and cash equivalents	1,238,493	1,958,180
Cash and cash equivalents at beginning of year	18,066,432	16,108,252
Cash and cash equivalents at end of year	19,304,925	18,066,432

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

Cash and bank balances	1,304,925	2,066,432
Fixed deposits (Note 10)	18,000,000	16,000,000
Total	19,304,925	18,066,432

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, 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, 2019 were authorized for issue by the management on March 24, 2020.

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 Financial Reporting Standards in Singapore ("FRSs").

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 116 *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, 2019, the Group 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 impact on the amounts reported for the current or prior years except as disclosed below.

FRS 116 Leases

FRS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of FRS 116 on the Group's financial statements is described below.

The date of initial application of FRS 116 for the Group is January 1, 2019.

(a) Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in FRS 17 and INT FRS 104.

The Group applies the definition of a lease and related guidance set out in FRS 116 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in FRS 116 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessor accounting

FRS 116 does not change substantially how a lessor accounts for leases. Under FRS 116, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, FRS 116 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

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.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment
in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets

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

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

<u>General donations</u>

Donations are recorded when received.

<u>Interest income</u>

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

<u>Membership and subscription fees</u>

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

<u>Sales and service income</u>

Sales of books and cassettes are recognised when control of the goods has been transferred. Service income is recognised when services are rendered.

<u>Rental income</u>

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 (before January 1, 2019) - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

LEASES (from January 1, 2019)

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies FRS 115 to allocate the consideration under the contract to each component.

<u>The Group as lessee</u>

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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 2019, the useful lives of property, plant and equipment were estimated to be between 3 to 50 years (2018 : 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	
	2019	2018	2019	2018
	$	$	$	$
Financial assets				
Cash	1,304,925	2,066,432	1,304,925	2,066,432
Fixed deposits	18,000,000	16,000,000	18,000,000	16,000,000
Trade and other receivables	128,674	121,300	128,674	121,300
Other financial assets at amortised costs	2,500,000	2,500,000	2,500,000	2,500,000
Financial assets at fair value through profit or loss	390,361	380,122	390,361	380,122
Financial liabilities				
Amortised cost	417,267	321,967	417,267	321,967

(b) *Financial risk management policies and objectives*

i) <u>Credit risk</u>

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 other financial assets at amortised costs 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, 2019 increases (decreases) by $39,036 (2018 : $38,012).

(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
	2019		2018					
	Assets	Liabilities	Assets	Liabilities				
Financial assets at fair value through profit or loss (Note 11)								
(1) Equity investment	390,361		380,122	-	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, other financial assets at amortised costs, 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 2018.

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 Group'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	
	2019	2018
	$	$
Short-term benefits	399,867	531,723
Post-employment benefits	62,949	77,540
	462,816	609,263

The remuneration of members of key management personnel refers to short-term and post-employment benefits received by 7 (2018 : 9) 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, 2018	12,376,577	3,344,459	416,461	591,915	16,729,412
Additions	-	6,345	257,095	15,565	279,005
Disposals	-	(4,000)	(18,056)	(55,602)	(77,658)
At December 31, 2018	12,376,577	3,346,804	655,500	551,878	16,930,759
Additions	-	-	26,448	50,084	76,532
Disposals	-	-	(7,770)	(2,594)	(10,364)
At December 31, 2019	12,376,577	3,346,804	674,178	599,368	16,996,927
Accumulated depreciation:					
At January 1, 2018	5,060,484	2,621,411	236,738	473,051	8,391,684
Depreciation	243,870	110,395	55,444	78,115	487,824
Disposals	-	(2,733)	(18,056)	(55,602)	(76,391)
At December 31, 2018	5,304,354	2,729,073	274,126	495,564	8,803,117
Depreciation	243,870	109,309	57,485	38,768	449,432
Disposals	-	-	(5,428)	(1,908)	(7,336)
At December 31, 2019	5,548,224	2,838,382	326,183	532,424	9,245,213
Carrying amount:					
At December 31, 2019	6,828,353	508,422	347,995	66,944	7,751,714
At December 31, 2018	7,072,223	617,731	381,374	56,314	8,127,642

	Building	Renovation	Furniture, fittings and office equipment	Computers	Total
	$	$	$	$	$
Association					
Cost:					
At January 1, 2018	12,376,577	3,337,075	416,396	591,821	16,721,869
Additions	-	6,345	257,095	15,565	279,005
Disposals	-	(4,000)	(18,056)	(55,602)	(77,658)
At December 31, 2018	12,376,577	3,339,420	655,435	551,784	16,923,216
Additions	-	-	26,448	50,084	76,532
Disposals	-	-	(7,770)	(2,594)	(10,364)
At December 31, 2019	12,376,577	3,339,420	674,113	599,274	16,989,384
Accumulated depreciation:					
At January 1, 2018	5,060,484	2,614,028	236,672	472,957	8,384,141
Depreciation	243,870	110,395	55,444	78,115	487,824
Disposals	-	(2,733)	(18,056)	(55,602)	(76,391)
At December 31, 2018	5,304,354	2,721,690	274,060	495,470	8,795,574
Depreciation	243,870	109,309	57,485	38,768	449,432
Disposals	-	-	(5,428)	(1,908)	(7,336)
At December 31, 2019	5,548,224	2,830,999	326,117	532,330	9,237,670
Carrying amount:					
At December 31, 2019	6,828,353	508,421	347,996	66,944	7,751,714
At December 31, 2018	7,072,223	617,730	381,375	56,314	8,127,642

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	
	2019	2018
	$	$
Zakat Trust Fund	426,960	463,433
General Fund (Note 19)	22,472	24,391
Total	449,432	487,824

8 INVESTMENT PROPERTIES

	Group and Association	
	2019	2018
	$	$
At fair value		
Balance at beginning of year	14,529,321	13,010,289
Additions during the year	-	-
(Loss) Gain on fair value adjustment included in statements of income and expenditure	(170,000)	1,519,032
Balance at end of year	14,359,321	14,529,321

i)

Location	Tenure of land/ (Gross floor area)	Fair value		Description
		2019	2018	
		$	$	
#19-01 Suntec City Tower 1 7 Temasek Boulevard	99 years lease from May 28, 1999 (4,629 sq.ft)	11,300,000	11,700,000	1 floor of commercial space
#04-07/08 Hexacube 160 Changi Road	Freehold (1,604 sq.ft)	3,059,321	2,829,321	2 units of commercial space
Total		14,359,321	14,529,321	

The fair value of the Group's investment properties as at December 31, 2019 and December 31, 2018 were performed by an independent valuer who has the appropriate qualifications and experience in the fair value measurement of the different types of properties in Singapore.

The leasehold properties at Suntec City and Changi Road have 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 $363,004 (2018 : $332,084). Direct operating expenses arising from the property in the year amounted to $135,357 (2018 : $114,413).

Fair value measurement of the Group's investment properties

The fair value of the properties 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 investment properties 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 investment properties 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, 2019 $'000	Valuation methodology	Significant unobservable inputs (Level 3)	Range
#19-01 Suntec City Tower 1 7 Temasek Boulevard	11,300	Direct Comparison Method	Price per square feet of strata floor area	$2,441
#04-07/08 Hexacube 160 Changi Road	3,059	Direct Comparison Method	Price per square feet of strata floor area	$1,907

Details of the Group's and Association's investment properties and information about the fair value hierarchy as at December 31, 2018 and 2019 are as follows:

	Level 1	Level 2	Level 3	Fair value as at December 31, 2019
	$	$	$	$
Investment properties	-	-	14,359,321	14,359,321

	Level 1	Level 2	Level 3	Fair value as at December 31, 2018
	$	$	$	$
Investment properties	-	-	14,529,321	14,529,321

There were no transfers between respective levels during the year.

9 INVESTMENT IN SUBSIDIARY

	Association	
	2019	2018
	$	$
Unquoted equity shares, at cost	200,000	200,000
Impairment loss	(200,000)	(200,000)
	-	-
Amount due from subsidiary company	136,410	134,524
Allowance for doubtful debt	(136,410)	(134,524)
	-	-

Movement in the allowance for doubtful debts:

	Association	
	2019	2018
	$	$
Balance at beginning of year	134,524	132,789
Allowance recognised in income and expenditure	1,886	1,735
Balance at end of the year	136,410	134,524

Name of subsidiary	Country of incorporation (or registration) and operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2019	2018	2019	2018	
		%	%	%	%	
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 OTHER FINANCIAL ASSETS AT AMORTISED COST

	Group and Association	
	2019	2018
	$	$
Fixed deposits	18,000,000	16,000,000
Other financial assets at amortised cost	2,500,000	2,500,000
	20,500,000	18,500,000

Fixed deposits bear interest at a range of 1.75% to 1.95% (2018: 1.40% to 1.80%) per annum and for a tenor of approximately 360 days (2018 : 360 days). All of the fixed deposits pertain to Islamic deposits placed with the bank. Fixed deposits are denominated in Singapore dollars.

Other financial assets at amortised cost includes Commodity Murabahah Deposits renewed in 2019, with principal and carrying amount of $500,000 and $2,000,000 and maturity dates on March 3, 2020 and March 2, 2020 respectively. Other financial assets at amortised cost are denominated in Singapore dollars.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Association	
	2019	2018
	$	$
Quoted equity shares, at fair value	390,361	380,122

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 as financial assets at fair value through profit or loss.

12 TRADE RECEIVABLES

	Group and Association	
	2019	2018
	$	$
Trade receivables	26,390	20,290
Less: Allowance for doubtful debts	-	-
	26,390	20,290

The average credit period is 30 days (2018 : 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	
	2019	2018
	$	$
Past due but not impaired (i)	26,390	20,290
Impaired receivables - individually assessed (i), (ii)		
- Past due more than 36 months and no response to repayment demands	-	-
Less: Allowance for impairment	-	-
Total trade receivables, net	26,390	20,290

(i) Aging of receivables that are past due but not impaired		
< 3 months	26,390	20,290

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

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

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	
	2019	2018
	$	$
Deposits	21,514	20,550
Prepayments	57,556	55,997
Others	23,214	24,463
Total	102,284	101,010

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

14 INVENTORIES

	Group and Association	
	2019	2018
	$	$
Books and audio CDs for re-sale	68,904	47,684

15 OTHER PAYABLES

	Group and Association	
	2019	2018
	$	$
Prepaid course fees	24,655	25,225
Deposits	97,626	90,126
Accrued expenses	272,262	209,039
Advance receipts	259,875	151,475
Others	30,072	22,658
Total	684,490	498,523

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 2019 is $80,000 (2018 : $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 2019 is $140,000 (2018 : $140,000).

18 INCOME

	Group and Association	
	2019	2018
	$	$
General donations	228,118	207,298
Interest income	371,723	299,240
Membership and subscription fees	20,230	23,066
Other income	14,080	47,602
Sales and service income	336,465	346,321
Gain on fair value adjustments of other financial assets at amortised costs	7,834	-
Total	978,450	923,527

19 EXPENDITURE

	Group		Association	
	2019	2018	2019	2018
	$	$	$	$
Administration charges	117,744	107,483	117,744	107,483
Auditors' remuneration	13,361	11,366	13,361	11,366
Central provident fund contributions	62,741	55,147	62,741	55,147
Cost of inventories recognised as an expense	91,449	89,781	91,449	89,781
Depreciation of property, plant and equipment (Note 7)	22,472	24,391	22,472	24,391
Loss on disposal of plant and equipment	220	63	220	63
Members' welfare	15,891	11,487	15,891	11,487
Other operating expenses	245,172	270,790	243,286	269,055
Zakat project	34,677	30,831	34,677	30,831
Postage	630	831	630	831
Public relations	30,198	50,930	30,198	50,930
Salaries	370,046	338,719	370,046	338,719
Loss on fair value adjustments of financial assets at fair value through profit or loss	-	87,957	-	87,957
Allowance amount due from subsidiary company (Note 9)	-	-	1,886	1,735
Bad debts	(450)	7,165	(450)	7,165
Total expenditure	1,004,151	1,086,941	1,004,151	1,086,941

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:

	2019	2018
	$	$
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 ARRANGEMENTS

The Group as lessee

At December 31, 2019, the Group is committed to $89,760 for short-term leases.

The Group as lessor

Operating leases, in which the Group is the lessor, relate to investment properties owned by the Group, of which one is freehold and the other with lease term of 99 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the properties at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group. The Group did not identify any indications that this situation will change.

Maturity analysis of operating lease payments:

	2019
	$
Year 1	311,344
Year 2	55,920
Total	367,264

The Group rents outs its investment properties in Singapore under operating leases. Property rental income earned during the year ended December 31, 2018 was $332,084.

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

	Group
	2018
	$
Within one year	355,104
In the second to fifth years inclusive	306,614
	661,718