



**THE MUSLIM CONVERTS'
ASSOCIATION OF SINGAPORE
AND ITS SUBSIDIARY**

**MANAGEMENT'S STATEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2023

**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 statements of financial position, General Fund statements of income and expenditure, Zakat Fund statements of income and expenditure, Building Fund statements of income and expenditure, Sinking Fund statements of income and expenditure and statement of changes in funds of the Association as set out on pages 6 to 35 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, 2023 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



.....
Foo Eng Yoong @Adam Foo
President



.....
Mohamad Azmi Bin Muslimin
Vice President (Finance)

Singapore
March 1, 2024

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, 2023, and the General Fund statements of income and expenditure, Zakat Fund statements of income and expenditure, Building Fund statements of income and expenditure, Sinking 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 material accounting policy information as set out on pages 6 to 35.

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, 2023 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.

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.

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.



**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 1, 2024

**THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
AND ITS SUBSIDIARY**

**STATEMENTS OF FINANCIAL POSITION
December 31, 2023**

	<u>Note</u>	Group		Association	
		2023	2022	2023	2022
		\$	\$	\$	\$
GENERAL FUND		8,721,717	8,004,649	8,785,584	8,068,516
ZAKAT FUND		8,073,395	7,362,965	8,009,528	7,299,098
BUILDING FUND		39,488,342	39,252,235	39,488,342	39,252,235
SINKING FUND		476,108	-	476,108	-
TOTAL FUNDS		<u>56,759,562</u>	<u>54,619,849</u>	<u>56,759,562</u>	<u>54,619,849</u>
REPRESENTED BY:					
Non-current assets					
Property, plant and equipment	7	11,913,169	12,043,686	11,913,169	12,043,686
Investment properties	8	17,649,321	17,549,321	17,649,321	17,549,321
Investment in subsidiary	9	-	-	-	-
Total non-current assets		<u>29,562,490</u>	<u>29,593,007</u>	<u>29,562,490</u>	<u>29,593,007</u>
Current assets					
Cash and cash balances	10	5,559,343	1,424,789	5,559,343	1,424,789
Fixed deposits	10	12,000,000	13,000,000	12,000,000	13,000,000
Financial assets at fair value through profit or loss	11	10,458,635	10,913,249	10,458,635	10,913,249
Trade receivables		2,510	800	2,510	800
Other receivables and prepayments	12	259,093	488,359	259,093	488,359
Amount due from subsidiary company	9	-	-	-	-
Inventories		48,007	48,521	48,007	48,521
Total current assets		<u>28,327,588</u>	<u>25,875,718</u>	<u>28,327,588</u>	<u>25,875,718</u>
Less: Current liabilities					
Trade payables		133,602	61,599	133,602	61,599
Other payables	13	996,914	787,277	996,914	787,277
Total current liabilities		<u>1,130,516</u>	<u>848,876</u>	<u>1,130,516</u>	<u>848,876</u>
Net current assets		<u>27,197,072</u>	<u>25,026,842</u>	<u>27,197,072</u>	<u>25,026,842</u>
Total net assets		<u>56,759,562</u>	<u>54,619,849</u>	<u>56,759,562</u>	<u>54,619,849</u>

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, 2023**

	Note	Group		Association	
		2023	2022	2023	2022
		\$	\$	\$	\$
INCOME	17	1,740,339	1,200,525	1,740,339	1,200,525
EXPENDITURE	18	(1,619,027)	(2,449,154)	(1,619,027)	(2,449,154)
Surplus (Deficit) of income over expenditure before transfer from Building Fund and Zakat Fund, and to Sinking Fund		121,312	(1,248,629)	121,312	(1,248,629)
Transfer from Building Fund	15	140,000	140,000	140,000	140,000
Transfer from Zakat Fund	14	505,756	505,756	505,756	505,756
Transfer to Sinking Fund	16	(50,000)	-	(50,000)	-
Surplus (Deficit) after transfer from Building and Zakat Funds, and to Sinking Fund, representing total comprehensive income (loss) for the year		717,068	(602,873)	717,068	(602,873)
Balance at beginning of year		8,004,649	8,607,522	8,068,516	8,671,389
Balance at end of year		8,721,717	8,004,649	8,785,584	8,068,516

See accompanying notes to financial statements.

**THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
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ZAKAT FUND

STATEMENTS OF INCOME AND EXPENDITURE

Year ended December 31, 2023

	<u>Note</u>	Group		Association	
		2023	2022	2023	2022
		\$	\$	\$	\$
<u>INCOME</u>					
Donations from individuals		5,384,959	5,290,105	5,384,959	5,290,105
Fidyah		153,790	127,241	153,790	127,241
Grant/donations from MUIS		427,007	413,991	427,007	413,991
Other income		143,900	30,825	143,900	30,825
Total income		6,109,656	5,862,162	6,109,656	5,862,162
<u>EXPENDITURE</u>					
Administrative charges		309,112	569,467	309,112	569,467
Central provident fund					
Contributions		229,702	209,643	229,702	209,643
Converts' welfare		331,645	298,494	331,645	298,494
Da'wah and Education		404,722	439,963	404,722	439,963
Loss on disposal of property, plant and equipment		-	-	-	-
Financial aid/zakat distributions		1,216,573	1,016,502	1,216,573	1,016,502
Salaries		1,378,423	1,276,163	1,378,423	1,276,163
Zakat project		73,293	58,065	73,293	58,065
Total expenditure		3,943,470	3,868,297	3,943,470	3,868,297
Surplus of income over expenditure before transfer to General Fund and Sinking Fund		2,166,186	1,993,865	2,166,186	1,993,865
Transfer to General Fund	14	(505,756)	(505,756)	(505,756)	(505,756)
Transfer to Sinking Fund	16	(950,000)	-	(950,000)	-
Surplus after transfer to General Fund and Sinking Fund, representing total comprehensive income for the year		710,430	1,488,109	710,430	1,488,109
Balance at beginning of year		7,362,965	5,874,856	7,299,098	5,810,989
Balance at end of year		8,073,395	7,362,965	8,009,528	7,299,098

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, 2023**

		Group and Association	
	Note	2023	2022
		\$	\$
<u>INCOME</u>			
Rental from investment properties	20	430,499	415,704
Net gain on fair value adjustments of investment properties	8	100,000	2,200,000
Total income		530,499	2,615,704
<u>EXPENDITURE</u>			
Maintenance of building		73,336	44,225
Professional fees		5,157	5,991
Property tax		53,965	52,797
Administrative expenses		21,934	17,900
Total expenditure		154,392	120,913
Surplus of income over expenditure before transfer to General Fund		376,107	2,494,791
Transfer to General Fund	15	(140,000)	(140,000)
Surplus after transfer to General Fund representing total comprehensive income for the year		236,107	2,354,791
Balance at beginning of year		39,252,235	36,897,444
Balance at end of year		39,488,342	39,252,235

See accompanying notes to financial statements.

**THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
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**SINKING FUND
STATEMENTS OF INCOME AND EXPENDITURE
Year ended December 31, 2023**

	<u>Note</u>	<u>Group and Association</u>	
		<u>2023</u>	<u>2022</u>
		\$	\$
<u>EXPENDITURE</u>			
Maintenance of building		368,203	-
Office and Equipment Maintenance		9,518	-
Computer Equipment Maintenance		105,711	-
Administrative expenses		27,960	-
Equipment Rental		12,500	-
Total expenditure		<u>523,892</u>	<u>-</u>
Deficit of income over expenditure before transfer			
from General Fund and Zakat Fund		(523,892)	-
Transfer from General Fund	16	50,000	-
Transfer from Zakat Fund	16	<u>950,000</u>	<u>-</u>
Surplus after transfer from General Fund and Zakat Fund,			
representing total comprehensive income for the year		476,108	-
Balance at beginning of year		<u>-</u>	<u>-</u>
Balance at end of year		<u><u>476,108</u></u>	<u><u>-</u></u>

See accompanying notes to financial statements.

**THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
AND ITS SUBSIDIARY**

**STATEMENTS OF CHANGES IN FUNDS
Year ended December 31, 2023**

	Group		Association	
	2023	2022	2023	2022
	\$	\$	\$	\$
Balance at beginning of year	54,619,849	51,379,822	54,619,849	51,379,822
Surplus (Deficit) of income over expenditure from:				
General Fund	717,068	(602,873)	717,068	(602,873)
Zakat Fund	710,430	1,488,109	710,430	1,488,109
Building Fund	236,107	2,354,791	236,107	2,354,791
Sinking Fund	476,108	-	476,108	-
Balance at end of year	56,759,562	54,619,849	56,759,562	54,619,849
Comprising:				
General Fund	8,721,717	8,004,649	8,785,584	8,068,516
Zakat Fund	8,073,395	7,362,965	8,009,528	7,299,098
Building Fund	39,488,342	39,252,235	39,488,342	39,252,235
Sinking Fund	476,108	-	476,108	-
	56,759,562	54,619,849	56,759,562	54,619,849

See accompanying notes to financial statements.

**THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2023**

	Group	
	2023	2022
	\$	\$
Operating activities		
General fund – surplus (deficit) of income over expenditure	717,068	(602,873)
Zakat fund – surplus of income over expenditure	710,430	1,488,109
Building Fund – surplus of income over expenditure	236,107	2,354,791
Sinking Fund – surplus of income over expenditure	476,108	-
	<u>2,139,713</u>	<u>3,240,027</u>
Adjustments for:		
Depreciation (Note 7)	345,881	241,648
Interest and dividend income (Note 17)	(984,312)	(596,952)
Net loss on fair value adjustments of financial assets		
at fair value through profit or loss	6,858	1,161,475
Loss on disposal of plant and equipment	1,180	224
Net gain on fair value adjustments of investment	-	-
properties (Note 8)	<u>(100,000)</u>	<u>(2,200,000)</u>
Operating surplus before working capital changes	<u>1,409,320</u>	<u>1,846,422</u>
Inventories	514	8,292
Trade receivables	(1,710)	1,126
Other receivables and prepayments	229,266	(163,831)
Trade payables	72,003	9,472
Other payables	<u>209,637</u>	<u>152,087</u>
Net cash from operating activities	<u>1,919,030</u>	<u>1,853,568</u>
Investing activities		
Interest and dividend received	984,312	596,952
Purchase of property, plant and equipment	(216,544)	(79,554)
Proceeds from financial assets at fair value through profit or loss	447,756	-
Investments in financial assets at fair value through profit or loss	-	(1,093,484)
Net cash from (used in) investing activities	<u>1,215,524</u>	<u>(576,086)</u>
Net increase in cash and cash equivalents	3,134,554	1,277,482
Cash and cash equivalents at beginning of year	<u>14,424,789</u>	<u>13,147,307</u>
Cash and cash equivalents at end of year	<u>17,559,343</u>	<u>14,424,789</u>

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

Cash and cash balances (Note 10)	5,559,343	1,424,789
Fixed deposits (Note 10)	<u>12,000,000</u>	<u>13,000,000</u>
Total	<u>17,559,343</u>	<u>14,424,789</u>

See accompanying notes to financial statements.

**THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

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 statements of financial position, General Fund statements of income and expenditure, Zakat Fund statements of income and expenditure, Building Fund statements of income and expenditure, Sinking Fund statements of income and expenditure and consolidated statement of cash flows and statement of changes in funds of the Association for the year ended December 31, 2023 were authorized for issue by the management on March 1, 2024.

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.

**THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
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**NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2023, 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.

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

Effective for annual periods beginning on or after January 1, 2024

- Amendments to FRS 1: *Classification of Liabilities as Current or Non-current*
- Amendments to FRS 1: *Non-current Liabilities with Covenants*
- Amendments to FRS 7 and FRS 107: *Supplier Finance Arrangements*

Management anticipates that the adoption of the above new or revised FRSs in future periods will not have a material impact on the financial statements in the period of their initial adoption.

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

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

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

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

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

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

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

**THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
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**NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

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 foregoing, 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.

**THE MUSLIM CONVERTS' ASSOCIATION OF SINGAPORE
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**NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

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.

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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.

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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 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.

(iii) Sinking Fund

The Sinking Fund of MCAS serves the purpose of financing various aspects crucial to our operations at 32 Onan Road:

- a. Covering the annual expenses associated with maintaining the building and equipment.
- b. Meeting the MCST fees.
- c. Funding renovations.
- d. The Future cost of improving our property

The annual contribution to the Sinking Fund, subject to annual review, is \$500,000, maximum at \$1 million.

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 to the General Fund.

Building maintenance for the Group's building is charged full to the Sinking Fund, except for depreciation expenses in relation to property, plant and equipment, which are charged in full to General 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:

	<u>No. of years</u>
Building	50
Renovation	10
Furniture, fittings and office equipment	5
Computers	3

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Freehold land is not subject to depreciation.

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 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 merchandise 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.

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

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

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

RECOGNITION OF INCOME

General donations

Donations are recorded when received.

Interest income

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

Membership and subscription fees

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

Sales and service income

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

Rental income

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

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

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

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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

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.

The Group as lessee

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.

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**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 2023, the useful lives of property, plant and equipment were estimated to be between 3 to 50 years (2022 : 3 to 50 years). The carrying amount of the property, plant and equipment are disclosed at Note 7. The useful lives of furniture, fittings and office equipment were revised from 10 years to 5 years in the current year, and the impact arising from this change in useful lives is approximately \$142,102.

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.

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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	
	2023	2022
	\$	\$
Financial assets		
Cash and cash balances	5,559,343	1,424,789
Fixed deposits	12,000,000	13,000,000
Trade and other receivables	65,320	396,121
Financial assets at fair value through profit or loss	10,458,635	10,913,249

Financial liabilities

Trade and other payables at amortised cost	666,716	514,676
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	Association	
	2023	2022
	\$	\$
Financial assets		
Cash and cash balances	5,559,343	1,424,789
Fixed deposits	12,000,000	13,000,000
Trade and other receivables	65,320	396,121
Financial assets at fair value through profit or loss	10,458,635	10,913,249

Financial liabilities

Trade and other payables at amortised cost	666,716	514,676
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(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 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 other receivables are disclosed in Notes 12.

ii) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's direct exposure to interest rate risk arises from fixed deposits. The Group periodically reviews its financial instruments and monitors interest rate fluctuations to ensure the exposure to interest rate risk is within acceptable level.

At the end of the reporting period, if the interest rate had been 100 basis points higher (lower) with all other variables held constant, the Group's net surplus for the year ended December 31, 2023 would have been \$120,000 (2022 : \$130,000) higher (lower) arising mainly as a result of higher (lower) interest income from fixed deposits.

iii) Foreign currency risk

The Group is not materially exposed to foreign currency risk as all significant transactions are denominated in Singapore dollars.

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 price risk arising from its investments classified as investments at FVTPL. The prices of unit trusts investments are impacted by changes in interest rates.

If the prices of equity and unit trusts investments increase (decrease) by 10%, the Group's net surplus for the year ended December 31, 2023 increase (decrease) by \$1,045,863 (2022 : \$1,091,325).

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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
	2023		2022					
	Assets	Liabilities	Assets	Liabilities				
Financial assets at fair value through profit or loss (Note 11)								
(1) Equity investment	761,482	-	1,107,955	-	Level 1	Quoted bid prices in an active market	N/A	N/A
(2) Unit trusts investment	9,697,153	-	9,805,294	-	Level 1	Quoted bid prices in an active market	N/A	N/A

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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 2022.

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	
	2023	2022
	\$	\$
Short-term benefits	423,302	472,345
Post-employment benefits	53,071	71,829
	<u>476,373</u>	<u>544,174</u>

The remuneration of members of key management personnel refers to short-term and post-employment benefits received by 6 (2022 : 8) key staff members of the Group and Association. During the year, certain Council members received honoraria for other services provided to the Group and Association amounted to \$6,198 (2022 : \$20,450).

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7 PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$	Building \$	Renovation \$	Furniture, fittings and office equipment \$	Computers \$	Total \$
<u>Group and Association</u>						
Cost:						
At January 1, 2022	10,829,506	1,547,071	3,332,526	697,572	627,704	17,034,379
Additions	-	-	48,607	12,158	18,789	79,554
Disposals	-	-	(15,906)	(8,390)	(2,208)	(26,504)
At December 31, 2022	10,829,506	1,547,071	3,365,227	701,340	644,285	17,087,429
Additions	-	-	-	30,164	186,380	216,544
Disposals	-	-	-	(25,690)	(53,351)	(79,041)
At December 31, 2023	10,829,506	1,547,071	3,365,227	705,814	777,314	17,224,932
Accumulated depreciation:						
At January 1, 2022	-	792,193	3,043,302	437,128	555,752	4,828,375
Depreciation	-	30,941	108,682	54,894	47,131	241,648
Disposals	-	-	(15,906)	(8,166)	(2,208)	(26,280)
At December 31, 2022	-	823,134	3,136,078	483,856	600,675	5,043,743
Depreciation	-	30,941	103,261	183,386	28,293	345,881
Disposals	-	-	-	(24,510)	(53,351)	(77,861)
At December 31, 2023	-	854,075	3,239,339	642,732	575,617	5,311,763
Carrying amount:						
At December 31, 2023	10,829,506	692,996	125,888	63,082	201,697	11,913,169
At December 31, 2022	10,829,506	723,937	229,149	217,484	43,610	12,043,686
<u>Description/Location</u>	<u>Tenure of land/ (Gross floor area)</u>					
Freehold building 32 Onan Road, The Galaxy, Singapore	Freehold (1,236 sq.m)					

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8 INVESTMENT PROPERTIES

	Group and Association	
	2023	2022
	\$	\$
At fair value		
Balance at beginning of year	17,549,321	15,349,321
Gain on fair value adjustment included in statements of income and expenditure	100,000	2,200,000
Balance at end of year	<u>17,649,321</u>	<u>17,549,321</u>

i)	Location	Tenure of land/ (Gross floor area)	Fair value		Description
			2023	2022	
			\$	\$	
	#19-01 Suntec City Tower 1 7 Temasek Boulevard	99 years lease from May 28, 1999 (4,629 sq.ft)	15,000,000	15,000,000	1 unit of commercial
	#04-07/08 Hexacube 160 Changi Road	Freehold (1,604 sq.ft)	2,649,321	2,549,321	2 units of commercial space
	Total		<u>17,649,321</u>	<u>17,549,321</u>	

The fair value of the Group's investment properties as at December 31, 2023 and December 31, 2022 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 property at Suntec City and the freehold properties at Hexacube have been rented to certain tenants on normal commercial terms for periods of 1, 2 and 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 \$430,499 (2022 : \$415,704). Direct operating expenses arising from the property in the year amounted to \$154,392 (2022 : \$120,913).

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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, 2023	Valuation methodology	Significant unobservable inputs (Level 3)	Range
	\$'000			

#19-01 Suntec City Tower 1 7 Temasek Boulevard	15,000	Direct Comparison Method	Price per square feet of strata floor area	\$3,241
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#04-07/08 Hexacube 160 Changi Road	2,649	Direct Comparison Method	Price per square feet of strata floor area	\$1,652
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Name of property	Fair value as at December 31, 2022	Valuation methodology	Significant unobservable inputs (Level 3)	Range
	\$'000			

#19-01 Suntec City Tower 1 7 Temasek Boulevard	15,000	Direct Comparison Method	Price per square feet of strata floor area	\$3,241
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#04-07/08 Hexacube 160 Changi Road	2,549	Direct Comparison Method	Price per square feet of strata floor area	\$1,590
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Details of the Group's and Association's investment properties and information about the fair value hierarchy as at December 31, 2022 and 2023 are as follows:

	Level 1	Level 2	Level 3	Fair value as at December 31, 2023
	\$	\$	\$	\$
Investment properties	-	-	17,649,321	17,649,321

	Level 1	Level 2	Level 3	Fair value as at December 31, 2022
	\$	\$	\$	\$
Investment properties	-	-	17,549,321	17,549,321

There were no transfers between respective levels during the year.

9 INVESTMENT IN SUBSIDIARY

	Association	
	2023	2022
	\$	\$
Unquoted equity shares, at cost	200,000	200,000
Impairment loss	(200,000)	(200,000)
	-	-
Amount due from subsidiary company	146,420	143,706
Allowance for doubtful debt	(146,420)	(143,706)
	-	-

Movement in the allowance for doubtful debts:

	Association	
	2023	2022
	\$	\$
Balance at beginning of year	143,706	140,128
Allowance recognised in income and expenditure	2,714	3,578
Balance at end of the year	146,420	143,706

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Name of subsidiary	Country of incorporation (or registration) and operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2023	2022	2023	2022	
		%	%	%	%	
Centre for Islamic Management Studies Pte Ltd	Singapore	100	100	100	100	Provision for diploma level courses in Islamic and Management studies

10 CASH AND CASH BALANCES AND FIXED DEPOSITS

	Group and Association	
	2023	2022
	\$	\$
Cash on hand	1,100	1,100
Cash at bank	4,757,195	1,423,689
Cash at other financial institution	801,048	-
Total cash and cash balances	5,559,343	1,424,789
Fixed deposits	12,000,000	13,000,000

Fixed deposits bear interest at a range of 3.55% to 4.20% (2022 : 0.25% to 4.20%) per annum and for a tenor of approximately 360 days (2022 : 360 days). All of the fixed deposits pertain to Islamic deposits placed with the bank. Fixed deposits are denominated in Singapore dollars.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Association	
	2023	2022
	\$	\$
Quoted equity investments, at fair value	452,329	405,136
Sukuk fund units, at fair value	9,444,493	9,537,688
MAGI fund units, at fair value	252,660	267,606
ETF fund units, at fair value	309,153	702,819
Total	10,458,635	10,913,249

The investments above include investments in quoted equity securities and unit trusts that are denominated in Singapore Dollars and US 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.

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12 OTHER RECEIVABLES AND PREPAYMENTS

	Group and Association	
	2023	2022
	\$	\$
Deposits	19,940	372,941
Prepayments	196,283	93,038
Others	42,870	22,380
Total	259,093	488,359

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

13 OTHER PAYABLES

	Group and Association	
	2023	2022
	\$	\$
Prepaid course fees	42,566	21,189
Deposits	87,152	101,826
Accrued expenses	412,252	321,482
Advance receipts	421,234	313,011
Others	33,710	29,769
Total	996,914	787,277

14 TRANSFER FROM ZAKAT FUND TO GENERAL FUND

This represents a yearly transfer from the Zakat Fund to the General Fund based on imputed rental premium for the programmes and activities held in the Association's building. The amount transferred for 2023 is \$505,756 (2022 : \$505,756).

15 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 2023 is \$140,000 (2022 : \$140,000).

16 TRANSFER FROM ZAKAT AND GENERAL FUNDS TO SINKING FUND

This refers to a yearly transfer from the Zakat and General Funds to the Sinking Fund for financing vital operations aspects such as annual maintenance expenses, MCST Fees, renovations, and the future cost of improving the Association's building. In 2023, the transferred amount totalled \$1,000,000, with \$950,000 from the Zakat Fund and \$50,000 from the General Fund.

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17 INCOME

	Group and Association	
	2023	2022
	\$	\$
General donations	324,955	273,392
Interest and dividend	984,312	596,952
Membership and subscription fees	24,606	26,271
Other income	6,800	1,600
Sales and service income	298,383	253,074
Gain on fair value adjustments of financial assets at fair value through profit or loss	101,283	49,236
Total	<u>1,740,339</u>	<u>1,200,525</u>

18 EXPENDITURE

	Group		Association	
	2023	2022	2023	2022
	\$	\$	\$	\$
Administration charges	131,419	127,835	131,419	127,835
Auditors' remuneration	26,879	18,889	26,879	18,889
Central provident fund Contributions	54,731	52,824	54,731	52,824
Cost of inventories recognised as an expense	65,499	61,914	65,499	61,914
Depreciation of property, plant and equipment	345,880	241,648	345,880	241,648
Loss on disposal of plant and equipment	1,180	224	1,180	224
Members' welfare	22,556	25,017	22,556	25,017
Other operating expenses	283,659	216,106	280,945	212,528
Zakat project	123,483	101,135	123,483	101,135
Fundraising project	45,165	-	45,165	-
Postage	501	375	501	375
Public relations	74,083	79,423	74,083	79,423
Salaries	335,851	313,053	335,851	313,053
Loss on fair value adjustments of financial assets at fair value through profit or loss	108,141	1,210,711	108,141	1,210,711
Allowance amount due from subsidiary company (Note 9)	-	-	2,714	3,578
Total expenditure	<u>1,619,027</u>	<u>2,449,154</u>	<u>1,619,027</u>	<u>2,449,154</u>

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19 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:

	2023	2022
	\$	\$
<u>Tax losses</u>		
Amount at beginning of the year and end of the year	<u>308,203</u>	<u>308,203</u>
Deferred tax benefit on above not recorded	<u>52,395</u>	<u>52,395</u>

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.

20 OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group is not committed to any 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.

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Maturity analysis of operating lease payments:

	2023	2022
	\$	\$
Year 1	508,992	323,544
Year 2	384,405	28,420
Year 3	238,728	-
Year 4	39,788	-
Total	<u>1,171,913</u>	<u>351,964</u>

The Group rents out its investment properties in Singapore under operating leases. Property rental income earned during the year ended December 31, 2023 was \$430,499 (2022 : \$415,704).