HLB Atrede

Committee's Statement and
Audited Financial Statements

BW Monastery

(Unique Entity No. T02SS0119L)

For the year ended 31 December 2016

BW Monastery
(Unique Entity No. T02SS0119L)

General Information

Committees

President	:	Fung Chew Wah
Vice President	:	Pua Yeow Cheong
2nd Vice President	:	Shi Xian Hao @ Ho Siew Kum
Secretary	:	Lim Tiong Boon
Assistant Secretary	:	Tay Siew Yee
2nd Assistant Secretary	:	Lin Tiong Meng
Treasurer	:	Ho See Kwee
Assistant Treasurer	:	Hsu Chong Tien
2nd Assistant Treasurer	:	Mau Sze Yin

Independent Auditor

HLB Atrede LLP

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BW Monastery
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Statement by the Committee

In our opinion, the accompanying balance sheet, statement of comprehensive income, statement of changes in funds and cash flow statement together with notes thereto are drawn up with provision of the Societies Act, Chapter 311, the Singapore Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of BW Monastery as at 31 December 2016 and of the financial performance, changes in funds and cash flows of the Society for the financial year ended on that date.

On behalf of the Committee,

Fung Chew Wah President	Ho See Kwee Honorary Treasurer

Singapore
15 March 2017

HLB Atrede

Independent Auditor's Report
to the members of BW Monastery
(Unique Entity No. T02SS0119L)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BW Monastery (the "Society"), which comprise the balance sheet as at 31 December 2016, and the statement of comprehensive income, statement of changes in fund and cash flow statement for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Act"), the Charities Act, Chapter 37 (the "Charities Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Society as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Society for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Committees' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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Independent Auditor's Report
to the members of BW Monastery – continued
(Unique Entity No. T02SS0119L)

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 a 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 Committees for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The committees' responsibilities include overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent Auditor's Report
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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committees 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.

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Independent Auditor's Report
to the members of BW Monastery – continued
(Unique Entity No. T02SS0119L)

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Society has been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year, the Society has not complied with the requirements of Regulation 7 of the Charities (Fund-Raising Appeals) Regulations.

HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
15 March 2017

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BW Monastery
(Unique Entity No. T02SS0119L)

Balance Sheet as at 31 December 2016

	Note	2016 $	2015 $
Non-current asset			
Properties, plant and equipment	4	16,727,506	10,258,293
		16,727,506	10,258,293
Current assets			
Other receivables	5	682,053	115,260
Fixed deposits	6	–	3,500,000
Cash and cash equivalents	7	10,657,738	8,199,931
		11,339,791	11,815,191
Current liability			
Other payables	8	145,293	457,957
		145,293	457,957
Net current assets		11,194,498	11,357,234
Net assets		27,922,004	21,615,527
Funds			
Restricted fund			
Building funds	9	24,560,002	19,430,760
Unrestricted fund			
General funds		1,897,475	1,720,240
Asset revaluation reserve	10	1,464,527	464,527
		27,922,004	21,615,527

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

Statement of Comprehensive Income for the financial year ended 31 December 2016

	Note	2016 $	2015 $
Income	11	3,870,333	3,427,488
Expenditure	12	(3,837,222)	(3,305,667)
Other operating income	13	144,124	110,966
Surplus before tax		177,235	232,787
Income tax expense	14	–	–
Surplus for the year		177,235	232,787
Other comprehensive income:			
Fair value adjustment on freehold properties		1,000,000	–
Total comprehensive income for the year		1,177,235	232,787

Statement of Changes in Funds
Year ended 31 December 2016

	Building funds $	General fund $	Asset revaluation reserve $	Total $
Balance as 1 January 2015	14,257,110	1,487,453	464,527	16,209,090
Total comprehensive loss for the year	–	232,787	–	232,787
Donation received during the year	5,173,650	–	–	5,173,650
Balance at 31 December 2015	19,430,760	1,720,240	464,527	21,615,527
Total comprehensive income for the year	–	177,235	1,000,000	1,177,235
Donation received during the year	5,129,242	–	–	5,129,242
Balance at 31 December 2016	24,560,002	1,897,475	1,464,527	27,922,004

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

BW Monastery
(Unique Entity No. T02SS0119L)

Cash Flow Statement for the financial year ended 31 December 2016

	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	177,235	232,787
Adjustment for:		
Depreciation	81,247	67,296
Surplus before working capital charges	258,482	300,083
(Increase)/decrease in other receivables	(566,793)	16,888
(Decrease)/increase in other payables	(312,664)	391,890
Net cash flows (used in)/from operating activities	(620,975)	708,861
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,550,460)	(1,514,085)
Withdrawal of fixed deposits	3,500,000	503,158
Net cash flows used in investing activities	(2,050,460)	(1,010,927)
CASH FLOWS FROM FINANCING ACTIVITY		
Contribution received for building funds	5,129,242	5,173,650
Net cash flows from financing activity	5,129,242	5,173,650
Net increase in cash and cash equivalents	2,457,807	4,871,584
Cash and cash equivalents at beginning of year	8,199,931	3,328,347
Cash and cash equivalents at end of year	10,657,738	8,199,931

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

BW Monastery is a society registered under Societies Act, Chapter 311. The Society is registered as a charity, registration no. 0203/2002, under the Charities Act, Chapter 37 with effect from 1 April 2003.

The registered address is located at 30 Lorong 27 Geylang #03-01 Citiraya Centre Singapore 388164.

The principal activities of the Society are those of promoting, educating and practicing Buddhism for its members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except where otherwise described in the accounting policies below.

The financial statements are presented in Singapore Dollar (SGD or $) and all values are rounded to the nearest one-dollar unless otherwise stated.

The accounting policies adopted are consistent with those used in the previous financial year except in current financial year, the Society has adopted all applicable new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRS and INT FRS did not result in any changes to the Society's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Standards issued but not yet effective

The Society has not adopted the following standards and interpretations which are potentially relevant to the Society that has been issued but not yet effective:

	Effective date (Annual periods beginning on or after)
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Standards issued but not yet effective (continued)

The committees expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

(b) *Properties, plant and equipment*

All items of properties, plant and equipment are initially recorded at cost. Subsequent to recognition, properties, plant and equipment other than freehold properties are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of properties, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably.

Freehold properties are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the properties at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case the increase is recognised in the profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to accumulated profits upon retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fitting	–	3 years
Motor vehicle	–	5 years
Office equipment	–	3 years
Renovation	–	3 years
System software	–	3 years

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

For acquisition and disposals of properties, plant and equipment, depreciation is provided in the month of acquisition and no depreciation is provided in the month of disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Properties, plant and equipment (continued)*

Assets under construction included in properties, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of properties, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residue values, useful life and depreciation method are reviewed each financial year end, and adjusted prospectively, if appropriate.

An item of properties, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(c) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Society becomes a party to the contractual provision of the financial instrument. The Society determines the classification of its financial assets at initial recognition.

When a financial asset is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

The Society has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Financial assets (continued)*

Subsequent measurement (continued)

(ii) *Held-to-maturity investment*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Society has the positive intention and ability to hold the investments to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iii) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investment classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses arising from changes in the fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Financial assets (continued)*

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Society commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(d) *Impairment of financial assets*

The Society assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Society first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Society determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Society considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Impairment of financial assets (continued)*

(i) *Financial assets carried at amortised cost (continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Financial assets carried at cost*

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) the impairment loss is recognised and the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Impairment of non-financial assets*

The Society assesses at each reporting date whether there is an indication that a non-financial asset, may be impaired. If any such an indication exists, or when annual impairment testing for an asset is required, the Society makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

(f) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition.

When a financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial liability.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Society has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *Financial liabilities (continued)*

(ii) *Financial liabilities at amortised cost*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

(h) *Other payables*

Other payables are non-interest bearing and have an average term of six months.

(i) *Provisions*

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Employee benefits*

(i) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

In particular, the Society makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(ii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(k) *Lease*

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(l) *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Donation*

Donation is recognised as revenue on part of the respective fund accounts upon receipt.

(ii) *Members' subscriptions*

Members' subscriptions are recognised as revenue on a cash basis.

(iii) *Interest income*

Interest income is recognised using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Society if that person:
- (i) Has control or joint control over the Society;
- (ii) Has significant influence over the Society; or
- (iii) Is a member of the key management personnel of the Society or of a parent of the Society.

(b) An entity is related to the Society if any of the following conditions applies:
- (i) The entity and the Society are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Society or an entity related to the Society. If the Society is itself such a plan, the sponsoring employers are also related to the Society;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(n) *Government grants*

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other operating income". Alternatively, they are deducted in reporting the related expenses.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(i) *Judgement made in applying accounting policies*

There were no material judgements made by management in the process of applying the Society's accounting policies that have the most 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 each reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

- *Useful lives of properties, plant and equipment*

  The cost of properties, plant and equipment is depreciated on a straight-line basis over the properties, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 5 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets; therefore, future depreciation charges could be revised. The carrying amount of the properties, plant and equipment at the end of each reporting period is disclosed in Note 4 to the financial statements.

- *Valuation of freehold properties*

  Freehold properties are stated at fair value, which has been determined based on valuation performed by an independent valuer. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties $	Furniture and fitting $	Motor vehicle $	Office equipment $	Renovation $	Property under construction $	System software $	Total $
Cost or valuation:								
At 1 January 2015	4,000,000	102,193	14,078	132,225	76,444	4,742,557	–	9,067,497
Additions	–	20,738	–	77,366	6,411	1,374,570	35,000	1,514,085
At 31 December 2015 and 1 January 2016	4,000,000	122,931	14,078	209,591	82,855	6,117,127	35,000	10,581,582
Additions	–	5,778	–	13,525	–	5,525,042	6,115	5,550,460
Revaluation surplus	1,000,000	–	–	–	–	–	–	1,000,000
At 31 December 2016	5,000,000	128,709	14,078	223,116	82,855	11,642,169	41,115	17,132,042
Accumulated depreciation:								
At 1 January 2015	–	90,399	7,038	92,342	66,214	–	–	255,993
Charge for the year	–	9,894	2,816	36,312	6,607	–	11,667	67,296
At 31 December 2015 and 1 January 2016	–	100,293	9,854	128,654	72,821	–	11,667	323,289
Charge for the year	–	13,271	2,816	45,407	6,722	–	13,031	81,247
At 31 December 2016	–	113,564	12,670	174,061	79,543	–	24,698	404,536
Net carrying amount:								
At 31 December 2015	4,000,000	22,638	4,224	80,937	10,034	6,117,127	23,333	10,258,293
At 31 December 2016	5,000,000	15,145	1,408	49,055	3,312	11,642,169	16,417	16,727,506

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation of freehold properties

Freehold properties are stated at fair value, which has been determined based on valuation performed by an independent valuer. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

If the freehold properties were measured using the cost model, the net carrying amounts would be $3,216,954 (2015: $3,287,664).

5. OTHER RECEIVABLES

	2016 $	2015 $
Deposit	112,394	103,984
Prepayment	6,921	10,476
Sundry receivable	562,738	800
	682,053	115,260

6. FIXED DEPOSITS

Fixed deposits are made for a period of 6 months and earn interest at the rate ranging from Nil% (2015: 0.3% to 1.03%) per annum. Fixed deposits of $Nil (2015: $3,000,000) is ear-marked for the building fund.

7. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are amounts of $8,716,987 (2015: $6,749,775) which is ear-marked for the building fund.

8. OTHER PAYABLES

Accrued liabilities	123,369	82,790
Advance received from members	–	359,661
Provision of unutilised leave	20,731	15,506
Sundry payables	1,193	–
	145,293	457,957

9. BUILDING FUNDS

The funds were established for the purpose of maintenance, upgrading, redevelopment of building and for the construction of "BW Monastery – Woodlands Monastery" Project for Dharma Propagation.

10. ASSET REVALUATION RESERVE

The asset revaluation reserve represent movement in the fair value of freehold properties of the Society, net of tax and decrease to the extent that such decrease relates to an income on the same assets previously recognised in equity.

11. INCOME

	2016 $	2015 $
Donations	3,868,105	3,425,298
Members' subscription fee	2,228	2,190
	3,870,333	3,427,488

12. EXPENDITURE

	2016 $	2015 $
Auditor's remuneration	5,300	4,500
Bank charges	3,194	3,233
Depreciation	81,247	67,296
Floral and fruits	17,750	11,598
Food expenses	36,454	36,966
Foreign workers levy	2,430	–
Goodwill gifts	21,872	12,986
Instructor fee	239	624
Insurance	9,788	6,423
Liberation expenses	70,100	47,273
Maintenance and repair	49,148	69,589
Medical fee	4,543	3,675
Miscellaneous	51,652	35,807
Offering and Dharma event expenses	1,533,308	738,198
Postage and stationery	22,440	15,530
Property tax	11,055	4,800
Rental	468,268	459,878
Salaries and Central Provident Fund	930,804	825,440
Sangha expenses	33,262	63,613
Scholarship	20,000	12,500
Special Dharma projects expenses	237,984	767,653
Staff training and course fee	4,015	1,508
Teaching materials	125,633	18,682
Telecommunication	26,246	21,262
Transportation	7,123	8,451
Travelling	12,384	15,566
Utilities	50,983	52,616
	3,837,222	3,305,667

13. OTHER OPERATING INCOME

	2016 $	2015 $
Course fee collected	22,713	16,624
Government grants – Special employment credit	26,470	15,957
– Wage credit scheme	50,059	43,462
– Temporary credit scheme	8,082	2,909
Interest from fixed deposit	748	625
Sundry income	36,052	31,389
	144,124	110,966

14. INCOME TAX EXPENSE

The Society, which is registered under Charities Act, qualifies for an automatic income tax exemption without having the need to meet 80% spending rules and therefore do not need to file income tax returns effective from the year of assessment 2008.

15. EMPLOYEE BENEFITS

Salaries and bonuses	838,816	714,913
Central provident fund contributions	126,685	110,527
	965,501	825,440

Included in employee benefit is an amount of $36,805 (2015: $24,322) which is capitalised in property under construction.

16. COMMITMENTS

(i) *Operating lease commitments*

The Society has entered into commercial property leases mainly for office space and classroom. These leases have a tenure of between 1 to 4 years with no renewal option or contingent rent provision included in the contracts. There is no restriction placed upon the Society by entering into these leases.

Future minimum rental payable under non-cancellable leases as at the end of reporting period as follows:

Not later than one year	144,663	399,084
Later than one year but not later than five years	76,205	116,437
	220,868	515,521

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2016 amounted to $464,496 (2015: $455,348).

16. COMMITMENTS (continued)

(ii) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	2016	**2015**
	$	$
Property under construction	8,616,195	13,009,237

17. RELATED PARTY DISCLOSURES

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Society and related parties that took place at terms agreed between the parties during the financial year:

Compensation of key management personnel

Key management personnel of the Society are those persons having the authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Society.

Short-term employee benefits	75,987	124,837

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Society's financial assets and liabilities are stated at nominal values and are not subject to significant risk of change in values as there are no significant financial risks involved. As a result, financial risk policy and capital management are not considered necessary.

19. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting period by FRS 39 categories:

Loans and receivables		
Other receivables	675,132	104,784
Fixed deposits	–	3,500,000
Cash and cash equivalents	10,657,738	8,199,931
	11,332,870	11,804,715
Financial liabilities at amortised cost		
Other payables	124,562	82,790

20. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of an asset or liability 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.

The Society categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Fair value hierarchy

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Society can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(1) *Fair value of assets that are carried at fair value*

The following table shows an analysis of assets carried at fair value by level of fair value hierarchy:

	Significant other observable inputs (Level 2)	
	2016	**2015**
	$	$
Non-financial assets:		
Properties, plant and equipment		
– Freehold properties	5,000,000	4,000,000
At 31 December	5,000,000	4,000,000

Revaluation of freehold properties

Freehold properties are stated at fair value, which has been determined based on valuation performed by an independent valuer. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

21. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2016 were authorised for issue by the management committee on 15 March 2017.