HLB Atrede

Committee's Statement and Audited Financial Statements

BW Monastery

(Unique Entity No. T02SS0119L)

For the year ended 31 December 2018

BW Monastery
(Unique Entity No. T02SS0119L)

General Information

Management Committees

President	:	Tan Gek Lian
Vice President	:	Dai Heong (Appointed on 30 April 2018)
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 Gloria

Independent Auditor

HLB Atrede LLP

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BW Monastery
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Statement by the Management Committee

We, Tan Gek Lian and Ho See Kwee, being two board members of the Board of BW Monastery (the "Society"), do hereby state that, in the opinion of the Management Committee,

(a) the accompanying financial statements are drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act") and the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs), so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2018 and the results, changes in funds and cash flows of the Society for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

On behalf of the Management Committee,

Tan Gek Lian
President

Ho See Kwee
Honorary Treasurer

Singapore
3 April 2019

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 2018, and the statement of comprehensive income, statement of changes in funds 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 "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 present fairly, in all material respects the state of affair of the Society as at 31 December 2018 and the result, changes in funds 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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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
to the members of BW Monastery – continued
(Unique Entity No. T02SS0119L)

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.

HLB Atrede

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,

(a) the accounting and other records required to be kept by the Society has been properly kept in accordance with the provisions of the Societies Regulation enacted under the Societies Act, the Charities Act and the Regulations; and

(b) the Fund-raising appeals held during the reporting year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under Societies Act and proper accounts and other records have been kept by the Fund-raising appeal.

HLB Atrede LLP
HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
3 April 2019

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BW Monastery
(Unique Entity No. T02SS0119L)

Balance Sheet as at 31 December 2018

	Note	2018 $	2017 $
Non-current asset			
Properties, plant and equipment	4	22,407,575	20,996,554
		22,407,575	20,996,554
Current assets			
Other receivables	5	114,836	146,527
Cash and cash equivalents	6	5,169,024	6,552,744
		5,283,860	6,699,271
Current liability			
Other payables	7	193,209	621,558
		193,209	621,558
Net current assets		5,090,651	6,077,713
Non-current liability			
Deferred capital donation	8	21,418,208	20,330,840
		21,418,208	20,330,840
Net assets		6,080,018	6,743,427
Funds			
Restricted fund			
Building funds	9	1,161,570	3,739,315
Unrestricted fund			
General funds		4,918,448	3,004,112
		6,080,018	6,743,427

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

BW Monastery
(Unique Entity No. T02SS0119L)

Statement of Comprehensive Income for the financial year ended 31 December 2018

	Note	2018 $	2017 $
Income	10	4,879,015	4,181,194
Expenditure	11	(4,517,262)	(3,584,409)
Other operating income	12	62,206	85,789
Amortisation of deferred capital donation		840,377	424,063
Surplus before tax		1,264,336	1,106,637
Income tax expense	13	–	–
Surplus for the year		1,264,336	1,106,637
Other comprehensive income		–	–
Total comprehensive income for the year		1,264,336	1,106,637

Statement of Changes in Funds
Year ended 31 December 2018

	Building funds $	General fund $	Total $
Balance as 1 January 2017	21,024,529	1,897,475	27,922,004
Total comprehensive income for the year	–	1,106,637	1,106,637
Donation received during the year	252,735	–	252,735
Transferred to deferred capital donation	(17,537,949)	–	(17,537,949)
Balance at 31 December 2017	3,739,315	3,004,112	6,743,427
Total comprehensive income for the year	–	1,264,336	1,264,336
Transferred to General fund	(650,000)	650,000	–
Transferred to deferred capital donation	(1,927,745)	–	(1,927,745)
Balance at 31 December 2018	1,161,570	4,918,448	6,080,018

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 2018

	2018	2017
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	1,264,336	1,106,637
Adjustments for:		
Depreciation	926,399	506,507
Amortisation of deferred capital donation	(840,377)	(424,063)
Surplus before working capital charges	1,350,358	1,189,081
Decrease in other receivables	31,691	535,526
(Decrease)/increase in other payables	(428,349)	476,265
Net cash flows from operating activities	953,700	2,200,872
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(2,337,420)	(6,558,601)
Net cash flows used in investing activity	(2,337,420)	(6,558,601)
CASH FLOWS FROM FINANCING ACTIVITY		
Contribution received for building funds	–	252,735
Net cash flows from financing activity	–	252,735
Net decrease in cash and cash equivalents	(1,383,720)	(4,104,994)
Cash and cash equivalents at beginning of year	6,552,744	10,657,738
Cash and cash equivalents at end of year	5,169,024	6,552,744

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 office of the Society and its principal place of operation is located at 1 Woodlands Drive 16 Singapore 737764.

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 standards and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these standards and INT FRS did not have any material effect on the financial position or performance of the Society for the current or prior financial years.

The Society applied FRS 109 and FRS 115 for the first time. The nature and effect of the changes as a result of the adopting of these new accounting standards are described below:

FRS 109 *Financial Instruments*

FRS 109 Financial Instruments replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

FRS 109 *Financial Instruments* (continued)

Classification and measurement

The classification and measurement requirements of FRS 109 did not have a significant impact on the Society.

Impairment

The adoption of FRS 109 has fundamentally changed the Society's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. FRS 109 requires the Society to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. The adoption of new impairment model under FRS 109 does not affect the carrying amount of the Society's financial assets carried at amortised cost.

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 116 *Leases*	1 January 2019

The committee 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. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS is described below.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Standards issued but not yet effective (continued)

The Society plans to adopt FRS 116 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of FRS 116, the Society expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if FRS 116 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Society plans to elect the following practical expedients:

(i) not to reassess whether a contract is, or contains a lease at the date of initial application and to apply FRS 116 to all contracts that were previously identified as leases;

(ii) to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; or

(iii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Society has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Society adopts FRS 116 in 2019.

(b) *Properties, plant and equipment*

All items of properties, plant and equipment are initially recorded at cost. Subsequent to recognition, properties, plant and equipment 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Freehold properties	–	50 years
Temple building	–	27 years
Leasehold property	–	54 years
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.

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 instruments*

(i) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Society measures a financial asset 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 of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Financial instruments (continued)*

(i) *Financial assets (continued)*

Initial recognition and measurement (continued)

Trade receivables are measured at the amount of consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Amortised cost

Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is derecognised where 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 for debt instruments is recognised in profit or loss.

(ii) *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.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Financial instruments (continued)*

(ii) *Financial liabilities (continued)*

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(d) *Impairment of financial assets*

The Society recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Society applies a simplified approach in calculating ECLs. Therefore, the Society does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Society has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Society considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Society may also consider a financial asset to be in default when internal or external information indicates that the Society is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Society. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(i) significant financial difficulty of the issuer or the borrower;
(ii) a breach of contract, such as a default or past due event;
(iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(v) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Society determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

(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) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Other payables*

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

(h) *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.

(i) *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.

(j) *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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) *Revenue*

Revenue is measured based on the consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a public, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Society satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(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.

(iv) *Course fee*

Course fee is recognized when services are completed.

(v) *Sales of teaching material*

Revenue from sales of teaching material is recognised when the goods are delivered.

(l) *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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) *Related parties (continued)*

(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).

(m) *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.

(n) *Funds structure*

In order to ensure observance of limitations and restrictions place on the use of the resources available to the Society, the fund balance in the financial statements are maintained whereby the resources for various purposes are classified for accounting and reporting purposes into specific funds, categories as restricted and non-restricted fund in accordance with activities or objective specified.

For donations received specifically for the purchase or development of property, the cost of property is capitalised and depreciated over their useful lives. Similarly, the specific donations received are amortised to match them with the related depreciation. The cost or expenses incurred to meet the objectives of that funds are written off against the fund.

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) *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Society based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are 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 properties, plant and equipment to be within 3 to 50 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.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties $	Temple building $	Leasehold property $	Furniture and fitting $	Motor vehicle $	Office equipment $	Renovation $	Property under construction $	System software $	Total $
Cost:										
At 1 January 2017	3,535,473	–	–	128,709	14,078	223,116	82,855	11,642,169	41,115	15,667,515
Additions	–	–	–	230,196	–	57,290	14,359	6,256,756	–	6,558,601
Transfer from property under construction	–	17,898,925	–	–	–	–	–	(17,898,925)	–	–
At 31 December 2017 and 1 January 2018	3,535,473	17,898,925	–	358,905	14,078	280,406	97,214	–	41,115	22,226,116
Additions	–	1,302,046	736,314	18,263	82,545	48,726	91,686	–	57,840	2,337,420
Disposal	–	–	–	–	(14,078)	–	–	–	–	(14,078)
At 31 December 2018	3,535,473	19,200,971	736,314	377,168	82,545	329,132	188,900	–	98,955	24,549,458
Accumulated depreciation:										
At 1 January 2017	318,519	–	–	113,564	12,670	174,061	79,543	–	24,698	723,055
Charge for the year	70,709	331,462	–	45,123	1,408	40,242	3,858	–	13,705	506,507
At 31 December 2017 and 1 January 2018	389,228	331,462	–	158,687	14,078	214,303	83,401	–	38,403	1,229,562
Charge for the year	70,709	692,746	7,954	87,665	6,738	38,896	13,945	–	7,746	926,399
Disposal	–	–	–	–	(14,078)	–	–	–	–	(14,078)
At 31 December 2018	459,937	1,024,208	7,954	246,352	6,738	253,199	97,346	–	46,149	2,141,883
Net carrying amount:										
At 31 December 2017	3,146,245	17,567,463	–	200,218	–	66,103	13,813	–	2,712	20,996,554
At 31 December 2018	3,075,536	18,176,763	728,360	130,816	75,807	75,933	91,554	–	52,806	22,407,575

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment with net carrying amount of $21,418,208 (2017: $20,874,455) were acquired through donation from public.

5. OTHER RECEIVABLES

	2018 $	2017 $
Advance to staff	–	5,000
Deposit	89,198	120,936
Prepayment	16,208	12,523
Sundry receivable	9,430	8,068
	114,836	146,527

6. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are amounts of $1,156,213 (2017: $4,085,091) which is ear-marked for the building fund.

7. OTHER PAYABLES

Accrued liabilities	168,244	42,793
Accrued construction cost	–	553,872
Provision of unutilised leave	24,965	24,893
	193,209	621,558

8. DEFERRED CAPITAL DONATION

Cost:		
At beginning of year	21,073,422	3,535,473
Addition – transfer from building funds	1,927,745	17,537,949
At end of year	23,001,167	21,073,422
Accumulated amortisation:		
At beginning of year	742,582	318,519
Charge for the year	840,377	424,063
At end of year	1,582,959	742,582
Net carrying amount	21,418,208	20,330,840

These amounts represent capital donation received from public for purchase of property, plant and equipment which are amortised over property, plant and equipment useful life.

9. BUILDING FUNDS

Balance at beginning of year	3,739,315	21,024,529
Donation received	–	252,735
Transferred to deferred capital donation	(1,927,745)	(17,537,949)
Transferred to general fund	(650,000)	–
Balance at end of year	1,161,570	3,739,315

9. BUILDING FUNDS (continued)

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. INCOME

	2018 $	2017 $
Donations	4,760,477	4,162,830
Members' subscription fee	2,832	2,324
Course fee collected	14,901	16,040
Sales of teaching material	100,805	–
	4,879,015	4,181,194

11. EXPENDITURE

	2018	2017
Auditor's remuneration	7,034	6,542
Bank charges	2,388	2,764
Depreciation	926,399	506,507
Donation	176,334	202,504
Floral and fruits	32,154	12,486
Food expenses	203,596	81,679
Foreign workers levy	3,102	3,630
Goodwill gifts	39,987	34,956
Instructor fee	7,761	–
Insurance	19,522	16,937
Liberation expenses	17,605	54,787
Maintenance and repair	170,900	126,728
Medical fee	3,615	4,591
Miscellaneous	99,903	75,339
Offering and Dharma event expenses	540,613	508,857
Postage and stationery	30,409	29,308
Property tax	5,822	–
Rental	392,505	447,903
Salaries and other staff related costs	1,441,459	1,074,896
Sangha expenses	27,203	92,652
Scholarship	7,500	12,500
Special Dharma projects expenses	6,051	39,479
Staff training and course fee	15,627	975
Tailoring, design and support	24,501	94,955
Teaching materials	133,630	29,776
Telecommunication	42,828	42,590
Transportation	6,133	13,886
Travelling	4,074	9,378
Utilities	128,606	57,804
	4,517,261	3,584,409

12. OTHER OPERATING INCOME

	2018	2017
	$	$
Government grants – Special employment credit	11,906	20,718
– Wage credit scheme	25,125	7,173
– Temporary credit scheme	2,555	6,185
Rental income	317	600
Sundry income	22,303	51,113
	62,206	85,789

13. 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.

14. EMPLOYEE BENEFITS

Salaries and bonuses	1,259,791	937,673
Central provident fund contributions	177,708	134,842
	1,437,499	1,072,515

15. 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 and 3 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	287,752	340,221
Later than one year but not later than five years	263,328	513,400
	551,080	853,621

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to $390,292 (2017: $439,244).

16. 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.

	2018 $	2017 $
Short-term employee benefits	–	–

17. 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.

18. 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 109 categories:

	2018 $	2017 $
Financial assets at amortised cost		
Other receivables	98,629	134,004
Cash and cash equivalents	5,169,024	6,552,744
	5,267,653	6,686,748
Financial liabilities at amortised cost		
Other payables	168,244	596,665

19. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of an asset or a 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 carrying amount of financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of reporting date.

However, the Society does not anticipate that the carrying amounts recorded at end of reporting date would be significantly different from the values that would eventually be received or settled.

At the end of the reporting period, the Society does not have any other asset or liability carried at fair value.

20. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2018 were authorised for issue by the management committee on 3 April 2019.