HLB ATREDE

Committee's Statement and
Audited Financial Statements

BW Monastery

(Unique Entity No. T02SS0119L)

For the year ended 31 December 2019

BW Monastery
(Unique Entity No. T02SS0119L)

General Information

Management Committees

President	:	Tan Gek Lian
1st Vice President	:	Dai Heong
2nd Vice President	:	Teo Seng
Secretary	:	Hsu Chong Tien
1st Assistant Secretary	:	Gan Jia Hwa
2nd Assistant Secretary	:	Tay Siew Yee
Treasurer	:	Chia Sze Tong
1st Assistant Treasurer	:	Ong Woo Teng
2nd Assistant Treasurer	:	Phoon Jia Qi

Independent Auditor

HLB Atrede LLP

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BW Monastery
(Unique Entity No. T02SS0119L)

Statement by the Management Committee

We, Tan Gek Lian and Chia Sze Tong, 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 2019 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

Chia Sze Tong
Honorary Treasurer

Singapore
20 March 2020

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 2019, 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 2019 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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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.

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.

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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,

(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
Public Accountants and
Chartered Accountants

Singapore
20 March 2020

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BW Monastery
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Balance Sheet as at 31 December 2019

	Note	2019 $	2018 $
Non-current assets			
Properties, plant and equipment	4	22,867,615	22,407,575
Right-of-use assets	5	347,466	–
		23,215,081	22,407,575
Current assets			
Other receivables	6	120,812	114,836
Fixed deposits	7	1,500,000	–
Cash and cash equivalents	8	3,940,682	5,169,024
		5,561,494	5,283,860
Current liabilities			
Other payables	9	255,037	193,209
Lease liabilities	11	323,360	–
		578,397	193,209
Net current assets		4,983,097	5,090,651
Non-current liabilities			
Deferred capital donation	10	20,668,032	21,418,208
Lease liabilities	11	27,214	–
		20,695,246	21,418,208
Net assets		7,502,932	6,080,018
Funds			
Restricted fund			
Building funds	12	1,058,098	1,161,570
Unrestricted fund			
General funds		6,444,834	4,918,448
		7,502,932	6,080,018

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 2019

	Note	2019 $	2018 $
Income	13	4,861,778	4,879,015
Expenditure	14	(4,307,936)	(4,517,262)
Other operating income	15	128,206	62,206
Amortisation of deferred capital donation		853,648	840,377
Finance cost	16	(9,310)	–
Surplus before tax		1,526,386	1,264,336
Income tax expense	17	–	–
Surplus for the year		1,526,386	1,264,336
Other comprehensive income		–	–
Total comprehensive income for the year		1,526,386	1,264,336

Statement of Changes in Funds
Year ended 31 December 2019

	Building funds $	General fund $	Total $
Balance as 1 January 2018	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
Total comprehensive income for the year	–	1,526,386	1,526,386
Transferred to deferred capital donation	(103,472)	–	(103,472)
Balance at 31 December 2019	1,058,098	6,444,834	7,502,932

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 2019

	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	1,526,386	1,264,336
Adjustments for:		
Depreciation – properties, plant and equipment	1,002,785	926,399
Depreciation – right-of-use assets	313,870	–
Amortisation of deferred capital donation	(853,648)	(840,377)
Interest expense	9,310	–
Surplus before working capital changes	1,998,703	1,350,358
(Increase)/decrease in other receivables	(5,976)	31,691
Increase/(decrease) in other payables	61,828	(428,349)
Cash generated from operation	2,054,555	953,700
Interest paid	(9,310)	–
Net cash flows from operating activities	2,045,245	953,700
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of properties, plant and equipment	(1,462,825)	(2,337,420)
Placement of fixed deposits	(1,500,000)	–
Net cash flows used in investing activities	(2,962,825)	(2,337,420)
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of principle sum of lease liabilities	(310,762)	–
Net cash flows used in financing activity	(310,762)	–
Net decrease in cash and cash equivalents	(1,228,342)	(1,383,720)
Cash and cash equivalents at beginning of year	5,169,024	6,552,744
Cash and cash equivalents at end of year	3,940,682	5,169,024

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 116 for the first time. The nature and effect of the changes as a result of the adopting of the new accounting standards are described below:

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases,* INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases–Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

The Society applied FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

(a) *As lessee*

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Society's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2(j).

On initial application of FRS 116, the Society has elected to apply the following practical expedients:

(i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under FRS 17 *Lease* and FRS INT 104 *Determining whether an Arrangement contains a Leases*, the Society has not reassessed if such contracts contain leases under FRS 116; and

(ii) On a lease-by-lease basis, the Society has:

- (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- (c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- (d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
- (e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) ***Basis of preparation (continued)***

FRS 116 ***Leases*** **(continued)**

(a) *As lessee (continued)*

For leases previously classified as operating leases under FRS 17 on 1 January 2019, the Society has applied the following transition provisions:

(i) On a lease-by-lease basis, the Society chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at a carrying amount as if FRS 116 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019. For ROU assets which meet the definition of an investment property, the Society had measured the ROU assets at their fair values at 1 January 2019.
(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
(iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.
(iv) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

The effects of adoption of FRS 116 on the Society's financial statements as at 1 January 2019 are as follows:

	1.1.2019
	$
Right-of-use assets	496,497
Lease liabilities	(496,497)

When measuring lease liabilities for leases that were classified as operating leases, the Society discounted lease payments using the applicable fixed deposit rates at 1 January 2019. The weighted-average rate applied is 1.83%.

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	$
Operating lease commitment disclosed as at 31 December 2018	551,080
Short-term leases	(44,680)
Discounting effect using weighted average incremental borrowing rate at 1 January 2019	(9,903)
Lease liabilities recognised as at 1 January 2019	496,497

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Standards issued but not yet effective

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

	Effective date (Annual periods beginning on or after)
Amendments to FRS 1 and FRS 8: *Definition of Material*	1 January 2020
Amendments to FRS 109, FRS 39 and FRS 107: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards, illustrative examples, implementation guidance and FRS Practice Statements	1 January 2020
Revised Conceptual Framework	1 January 2020

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.

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Financial instruments (continued)*

(i) *Financial assets (continued)*

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

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) *Cash and cash equivalents*

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

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) *Employee benefits (continued)*

(i) *Defined contribution plans (continued)*

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*

At the inception of the contract, the Society assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

– The accounting policy for leases from 1 January 2019

(i) *As lessee*

- *Right-of-use assets*

  The Society recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use asset is subsequently depreciated over the lease term using the straight-line method. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

- *Lease liabilities*

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Society shall use its incremental borrowing rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Leases (continued)*

– The accounting policy for leases from 1 January 2019 (continued)

(i) *As lessee (continued)*

- *Lease liabilities (continued)*

Lease payments include the following:

- fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees
- the exercise price of a purchase option that the Society is reasonably certain to exercise the option; and
- payment of penalties for early termination of the lease, unless the Society is reasonably certain not to terminate early.

For contract that contain both lease and non-lease components, the Society allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Society has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- there is a change in future lease payments arising from changes in an index or rate;
- there are changes in the Society's assessment of whether it will exercise an extension option; or
- there are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- *Short term and low value leases*

The Society has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) ***Leases (continued)***

– The accounting policy for leases from 1 January 2019 (continued)

(i) *As lessee (continued)*

- *Variable lease payments*

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Society shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

– The accounting policy for leases before 1 January 2019

(i) *As lessee*

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.

(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) *Donations and fund raising*

Donations and revenue from fund raising activities that are used for general purposes are recognised in the income and expenditure account in the financial year they are received.

Donations where usage is restricted by the donors are recognised in Reserves and Funds in the financial year they are received.

Revenue and expenditures from fund raising activities that are designated by the management for project funds are recognised in Reserve and Funds in the financial year these activities are held.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) *Revenue (continued)*

(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 recognised over the accounting period in which the services are performed.

(v) *Sales of teaching material*

Revenue from sales of teaching material is recognised at the point in time, which is usually when the goods are delivered.

(l) *Taxes*

(i) *Goods and services tax*

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) *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).

(n) *Grants*

Grants, including 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.

(o) *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. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 3.3% (2018: 3.7%) variance in the profit before tax.

- *Leases - estimating the incremental borrowing rate*

  The Society cannot readily determine the interest rate implicit in the lease, therefore, it uses its fixed deposit rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Society would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Society 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Society estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties $	Temple building $	Leasehold property $	Furniture and fitting $	Motor vehicle $	Office equipment $	Renovation $	System software $	Total $
Cost:									
At 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 and 1 January 2019	3,535,473	19,200,971	736,314	377,168	82,545	329,132	188,900	98,955	24,549,458
Additions	1,267,565	103,472	–	7,047	–	44,127	10,066	30,548	1,462,825
At 31 December 2019	4,803,038	19,304,443	736,314	384,215	82,545	373,259	198,966	129,503	26,012,283
Accumulated depreciation:									
At 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 and 1 January 2019	459,937	1,024,208	7,954	246,352	6,738	253,199	97,346	46,149	2,141,883
Charge for the year	89,723	713,522	13,636	84,575	16,509	41,563	20,101	23,156	1,002,785
At 31 December 2019	549,660	1,737,730	21,590	330,927	23,247	294,762	117,447	69,305	3,144,668
Net carrying amount:									
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
At 31 December 2019	4,253,378	17,566,713	714,724	53,288	59,298	78,497	81,519	60,198	22,867,615

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment with net carrying amount of $20,668,032 (2018: $21,418,208) were acquired through donation from public.

5. RIGHT-OF–USE ASSETS

Leases (as a lessee)

	Buildings
	$
Cost:	
At 1 January 2019	496,497
Additions	164,839
At 31 December 2019	661,336
Accumulated depreciation:	
At 1 January 2019	–
Charge for the year	313,870
At 31 December 2019	313,870
Net carrying amount:	
At 31 December 2019	347,466

The Society lease office space and classroom with lease term of 2 to 3 years (2018: 2 to 3 years). The Society's obligation under this lease is secured by the lessor's title to the leased asset. The Society is restricted from assigning and subleasing the leased assets.

The carrying amounts and maturity analysis of lease liabilities are presented in Note 11.

	31.12.2019
	$
(i) Amounts recognised in profit and loss	
Depreciation expense on right-of-use assets	313,870
Interest expense on lease liabilities	9,310
	323,180
(ii) Lease expense not capitalised in the lease liabilities	
Expense relating to short-term leases	58,000

(iii) Total cash outflow for all the leases in 2019 was $378,072.

6. OTHER RECEIVABLES

	2019 $	2018 $
Deposit	95,708	89,198
Prepayment	20,600	16,208
Sundry receivable	4,504	9,430
	120,812	114,836

7. FIXED DEPOSITS

Fixed deposits are placed for the periods of 12 months and earn interest at the respective short-term deposit rates. The effective interest rates of fixed deposits are 1.83% (2018: Nil%) per annum.

8. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are amounts of $1,048,209 (2018: $1,156,213) which is ear-marked for the building fund.

9. OTHER PAYABLES

Accrued liabilities	229,585	168,244
GST payable	2,418	–
Provision of unutilised leave	23,034	24,965
	255,037	193,209

10. DEFERRED CAPITAL DONATION

Cost:		
At beginning of year	23,001,167	21,073,422
Addition – transfer from building funds	103,472	1,927,745
At end of year	23,104,639	23,001,167
Accumulated amortisation:		
At beginning of year	1,582,959	742,582
Charge for the year	853,648	840,377
At end of year	2,436,607	1,582,959
Net carrying amount	20,668,032	21,418,208

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.

11. LEASE LIABILITIES

	2019 $
Analysed as:	
Current	323,360
Non-current	27,214
	350,574
Maturity analysis:	
Year 1	327,072
Year 2	27,256
	354,328

The Society does not face a significant liquidity risk with regard to its lease liabilities.

A reconciliation of liabilities arising from financing activities is as follows:

	1.1.2019 $	Cash flows $	Non-cash changes New lease acquired $	31.12.2019 $
Lease liabilities	496,497	(310,762)	164,839	350,574

12. BUILDING FUNDS

	2019 $	2018 $
Balance at beginning of year	1,161,570	3,739,315
Transferred to deferred capital donation	(103,472)	(1,927,745)
Transferred to general fund	–	(650,000)
Balance at end of year	1,058,098	1,161,570

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.

13. INCOME

	2019	2018
Donations	4,827,038	4,760,477
Members' subscription fee	538	2,832
Course fee collected	14,904	14,901
Sales of teaching material	19,298	100,805
	4,861,778	4,879,015

14. EXPENDITURE

	2019 $	2018 $
Auditor's remuneration	8,350	7,034
Bank charges	17,877	2,388
Depreciation – properties, plant and equipment	1,002,785	926,399
Depreciation – right-of-use assets	313,870	–
Donation	–	176,334
Floral and fruits	35,675	32,154
Food expenses	230,879	203,596
Foreign workers levy	4,561	3,102
Goodwill gifts	21,292	16,557
Instructor fee	14,988	7,761
Insurance	17,056	19,522
Liberation expenses	19,800	17,605
Maintenance and repair	140,348	170,900
Medical fee	6,824	3,615
Miscellaneous	64,996	99,903
Offering and Dharma event expenses	388,894	540,613
Postage and stationery	24,807	30,409
Property tax	2,207	5,822
Rental	58,210	392,505
Salaries and other staff related costs	1,652,407	1,441,459
Sangha expenses	18,570	50,633
Scholarship	7,500	7,500
Special Dharma projects expenses	10,881	6,051
Staff training and course fee	7,102	15,627
Tailoring, design and support	11,046	24,501
Teaching materials	25,134	133,630
Telecommunication	65,525	42,828
Transportation	9,253	6,133
Travelling	8,621	4,074
Utilities	118,478	128,606
	4,307,936	4,517,261

15. OTHER OPERATING INCOME

	2019 $	2018 $
Government grants – Special employment credit	17,527	11,906
– Wage credit scheme	38,717	25,125
– Temporary credit scheme	–	2,555
GST adjustment	16,233	–
GST refund	40,170	–
Rental income	4,477	317
Sundry income	11,082	22,303
	128,206	62,206

16. FINANCE COST

	2019	2018
	$	$
Interest expense on lease liabilities	9,310	–

17. 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.

18. EMPLOYEE BENEFITS

Salaries and bonuses	1,457,951	1,259,791
Central provident fund contributions	190,543	177,708
	1,648,494	1,437,499

19. OPERATING LEASE COMMITMENTS

The Society had entered into commercial property leases mainly for office space and classroom. These leases had a tenure of between 1 and 3 years with no renewal option or contingent rent provision included in the contracts. There were no restriction placed upon the Society by entering into these leases.

As at 31 December 2018, the future minimum rental payable under non-cancellable leases are as follows:

	2018
	$
Not later than one year	287,752
Later than one year but not later than five years	263,328
	551,080

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

As disclosed in Note 2(a), the Society has adopted FRS 116 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019, except for short-term and low value leases.

20. 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.

21. 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:

	2019	**2018**
	$	$
Financial assets at amortised cost		
Other receivables	100,212	98,629
Fixed deposits	1,500,000	–
Cash and cash equivalents	3,940,682	5,169,024
	5,540,894	5,267,653
Financial liabilities at amortised cost		
Other payables	232,003	168,244

22. 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.

23. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2019 were authorised for issue by the management committee on 20 March 2020.