DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

ASSOCIATION OF MUSLIM PROFESSIONALS AND ITS SUBSIDIARIES

30 June 2013

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2013

Directors

Azmoon Bin Ahmad	
Saktiandi Supaat	
Mohammed Raziff Bin Abdull Hamid	
Ameen Ali Salim Talib	
Phiroze Bin Abdul Rahman	
Bibi Jan Mohamed Ayyub	
Mohamed Nawab Mohamed Osman	
Suryahti Abdul Latiff	
Mohd Ismail Hussein	
Syed Muhammad Khairudin Aljunied	
Mohd Kamal Bin Mokhtar	
Muhammad Shamir Bin Abdul Rahim	(Appointed on 1 December 2012)
Ahsanul Kalam Bin Mohamed Sani	(Resigned on 14 November 2012)
Mohammad Nizam Bin Ismail	(Resigned on 22 April 2013)

Secretary

Kong Yuh Ling Doreen

Registered Office

78 Shenton Way #26-02A
Singapore 079120

Auditors

Rohan ● Mah & Partners

Bankers

United Overseas Bank Limited
Oversea-Chinese Bank Corporation Limited
DBS Bank Ltd
Malayan Banking Berhad

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REPORT OF THE DIRECTORS

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Association of Muslim Professionals ("the Company") and its subsidiaries (collectively, "the Group") for the financial year ended 30 June 2013.

1 DIRECTORS OF THE COMPANY

The directors of the Company in office at the date of this report are:

Azmoon Bin Ahmad
Saktiandi Supaat
Mohammed Raziff Bin Abdull Hamid
Ameen Ali Salim Talib
Phiroze Bin Abdul Rahman
Bibi Jan Mohamed Ayyub
Mohamed Nawab Mohamed Osman
Suryahti Abdul Latiff
Mohd Ismail Hussein
Syed Muhammad Khairudin Aljunied
Mohd Kamal Bin Mokhtar
Muhammad Shamir Bin Abdul Rahim (Appointed on 1 December 2012)

2 ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate.

3 DIRECTORS' INTEREST IN SHARES OR DEBENTURES

As the Company is limited by guarantee and has no share capital, none of the directors holding office at the end of the financial year had an interest in the share capital or debentures of the Company. None of the directors holding office at the end of the financial year had an interest in shares or debentures of the subsidiaries either at the beginning (or at date of appointment) or end of the financial year.

4 DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company or any corporation in the Group has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the financial statements.

5 AUDITORS

The auditors, Messrs. Rohan ● Mah & Partners, Chartered Accountants, Singapore, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD

Azmoon Bin Ahmad
Director

Mohd Ismail Bin Hussein
Director

Singapore,
19 October 2013

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying consolidated financial statements together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2013 and of the results of the business and changes in funds of the Group and of the Company and cash flows of the Group for the year ended on that date, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

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Azmoon Bin Ahmad
Director

....

Mohd Ismail Bin Hussein
Director

Singapore,
19 October 2013

Report on the Financial Statements

We have audited the accompanying financial statements of Association of Muslim Professionals ("the Company") and its subsidiaries (collectively, "the Group"), which comprise the balance sheets of the Group and of the Company as at 30 June 2013, and statement of comprehensive income of the Group and of the Company, statement of changes in funds of the Group and the Company, the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Cap 50 ("the Act"); the Singapore Charities Act, Cap 37 ("the Charities Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and the statement of changes in funds of the Company are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2013 and the results, changes in funds and cash flows of the Group and the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

to the members of Association of Muslim Professionals and its subsidiaries

Other Matters

The audit report of one of the subsidiaries contained the following emphasis of matter:

Although the Company's current liabilities exceeded the current assets, and the accumulated losses exceeded the paid-up capital and reserves by S$961,600 as at 30 June 2013, the financial statements have been prepared on the basis that the Company is a going concern as the ultimate holding company has given written confirmation of its continuing financial support for the Company.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

(a) The use of the donation monies was not in accordance with the objectives of the Charity as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and

(b) The Charity has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Rohan Mah & Partners

ROHAN ● MAH & PARTNERS
Public Accountants and
Chartered Accountants
Singapore

19 October 2013
(RK/AJ/MA/WB/na)

BALANCE SHEETS

as at 30 June 2013

	Note	Group 2013 S$	Group 2012 S$	Company 2013 S$	Company 2012 S$
ASSETS LESS LIABILITIES					
Non-Current Assets					
Property, plant and equipment	4	4,696,051	4,597,798	4,507,860	4,455,255
Investments in subsidiaries	5	–	–	250,001	250,001
Available-for-sale financial assets	6	1	–	1	–
Deferred taxation	11	78,342	–	–	–
		4,774,394	4,597,798	4,757,862	4,705,256
Current Assets					
Trade and other receivables	7	1,322,065	1,449,630	2,509,843	2,438,914
Cash and cash equivalents	9	3,357,981	3,367,808	2,245,683	2,263,298
		4,680,046	4,817,438	4,755,526	4,702,212
Current Liabilities					
Trade and other payables	10	1,886,448	1,828,356	2,801,462	2,422,383
Obligation under finance lease	12	20,723	1,685	20,723	1,685
		1,907,171	1,830,041	2,822,185	2,424,068
Net Current Assets		2,772,875	2,987,397	1,933,341	2,278,144
Non-Current Liabilities					
Obligation under finance lease	12	28,177	2,809	28,177	2,809
Net Assets		7,519,092	7,582,386	6,663,026	6,980,591
ACCUMULATED FUND					
Property revaluation reserve	13	1,198,034	1,198,034	1,198,034	1,198,034
Unrestricted funds		6,300,506	6,361,540	5,444,440	5,759,745
Restricted funds	14	20,552	22,812	20,552	22,812
		7,519,092	7,582,386	6,663,026	6,980,591

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

	Note	Group		Company	
		2013	2012	2013	2012
		S$	S$	S$	S$
Continuing operations					
Revenue	15	10,256,631	9,275,975	8,166,416	7,082,899
Expenditure	16	(10,557,972)	(9,148,800)	(8,790,072)	(7,287,720)
Other income	17	155,490	65,487	296,164	454,029
Interest income		12,877	11,616	12,875	11,616
Financial expenses	19	(8,662)	(5,981)	(2,948)	(2,269)
(Loss)/Profit before tax for the year		(141,636)	198,297	(317,565)	258,555
Taxation	20	78,342	5,345	–	–
(Loss)/Profit from continuing operations		(63,294)	203,642	(317,565)	258,555
(Loss)/Profit for the year		(63,294)	203,642	(317,565)	258,555
Other comprehensive income, net of tax					
Reversal of impairment loss on property, plant and equipment	4	–	46,411	–	46,411
Other comprehensive income for the year		–	46,411	–	46,411
Total comprehensive (loss)/income for the year		(63,294)	250,053	(317,565)	304,966

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS

for the year ended 30 June 2013

	Group			
	Property revaluation reserve S$	Unrestricted S$	Restricted S$	Total S$
ACCUMULATED FUND				
Balance as at 30 June 2011	–	6,077,577	56,722	6,134,299
Revaluation gain (Note 13)	1,198,034	–	–	1,198,034
Total comprehensive income/(loss) for the year	–	283,963	(33,910)	250,053
Balance as at 30 June 2012	1,198,034	6,361,540	22,812	7,582,386
Total comprehensive loss for the year	–	(61,034)	(2,260)	(63,294)
Balance as at 30 June 2013	1,198,034	6,300,506	20,552	7,519,092
	Company			
Balance as at 30 June 2011	–	5,420,869	56,722	5,477,591
Revaluation gain (Note 13)	1,198,034	–	–	1,198,034
Total comprehensive income/(loss) for the year	–	338,876	(33,910)	304,966
Balance as at 30 June 2012	1,198,034	5,759,745	22,812	6,980,591
Total comprehensive loss for the year	–	(315,305)	(2,260)	(317,565)
Balance as at 30 June 2013	1,198,034	5,444,440	20,552	6,663,026

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2013

	Group	
	2013	**2012**
	S$	**S$**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(141,636)	198,297
Adjustments for :		
Allowance for impairment of receivables	12,305	10,647
Allowance for impairment of receivables written back	–	(3,981)
Allowance for impairment of available-for-sale financial assets written back	(1)	–
Depreciation of property, plant and equipment	569,378	364,589
Finance cost	8,662	5,981
Interest income	(12,877)	(11,616)
Loss on disposal of property, plant and equipment	3,108	–
Profit before working capital changes	438,939	563,917
Working capital changes, excluding changes related to cash:		
Trade and other receivables	115,260	(5,990)
Trade and other payables	58,092	291,368
Cash generated from operations	612,291	849,295
Interest income received	12,877	11,616
Finance cost paid	(7,559)	(5,931)
Tax refund	–	5,345
Net cash generated from operating activities	617,609	860,325
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(670,739)	(483,050)
Net cash used in investing activities	(670,739)	(483,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in finance lease liabilities	43,303	4,444
Withdrawal of deposits pledged	8,771	–
Net cash generated from financing activities	52,074	4,444
Net (decrease)/increase in cash and cash equivalents	(1,056)	381,719
Cash and cash equivalents beginning of year	3,359,037	2,977,318
Cash and cash equivalents at end of year (Note 9)	3,357,981	3,359,037

The accompanying notes form an integral part of these financial statements.

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

1 CORPORATE INFORMATION

Association of Muslim Professionals was incorporated in Singapore as a company limited by guarantee without a share capital. Each ordinary member undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member and of the costs, charges and expenses of winding up, such amount as may be required but not exceeding S$100. As at 30 June 2013, the Company has 954 (2012: 939) ordinary members. In addition, the Company has 296 (2012: 295) associate members who do not bear any liability in the event of the Company being wound up.

The principal activity of the Company is to engage in self-help projects for the betterment of the Malay/Muslim community in particular, and Singaporeans in general. The Company is an approved charity under the Charities Act, Cap. 37 and has been accorded the status of an Institution of a Public Character ("IPC") for the period from 10 October 2009 to 9 October 2014.

The principal activities of the subsidiaries are shown in Note 5 to the financial statements.

The registered office of the Company is located at 78 Shenton Way #26-02A Singapore 079120. The principal place of business is located at AMP@Pasir Ris, No. 1 Pasir Ris Drive 4, #05-11, Singapore 519457.

The financial statements of the Group and the Company for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors on 19 October 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements, expressed in Singapore Dollar (SGD or S$) are prepared on the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 3.

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 July 2012. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.2 Group Accounting

Basis of Consolidation

The financial statements of the Company for the year ended 30 June 2013 relate to the Company and its subsidiaries (together referred as the "Group"). Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The acquisition method of accounting is used to account for business combinations by the Group. Acquisition-related costs are expensed as incurred.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to Note 2.18 for the subsequent accounting policy on goodwill.

2.3 Investments in Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Non-controlling interests is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Investments in subsidiaries are stated at cost less accumulated impairment losses in the Company's balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of an investment in subsidiaries, the difference between net disposal proceeds and its carrying amount is taken to the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.3 Investments in Subsidiaries - cont'd

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subdiary. Any difference between the amount of which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

2.4 Property, Plant and Equipment

2.4.1 Measurement

Items of plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Freehold property is stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by an independent professional valuer once every two financial years such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of the freehold property is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of freehold property is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

2.4.2 Components of Costs

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.4 Property, Plant and Equipment - cont'd

2.4.3 Leased Assets

Leases in terms of which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by finance leases is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.

2.4.4 Depreciation

Depreciation on property, plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Years
Freehold property	30
Furniture and fittings	5
Office equipment	5
Renovation	5

The useful lives of plant and equipment are reviewed and adjusted as appropriate at each balance sheet date.

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

No depreciation is provided on property, plant and equipment which is still under construction.

2.4.5 Subsequent Expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

2.4.6 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of comprehensive income. Any amount in revaluation reserve relating to that asset is transferred to retained earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.5 Impairment of Non-Financial Assets

2.5.1 Property, Plant and Equipment

Investments in Subsidiaries, Associated Company

Property plant and equipment, investments in subsidiaries and investment in associated company are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the Cash-Generating-Units (CGU) to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.6 Financial Assets

2.6.1 Initial Recognition and Measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured as fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.6 Financial Assets - cont'd

2.6.2 Subsequent Measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.6 Financial Assets - cont'd

2.6.2 Subsequent Measurement - cont'd

(iv) Available-for-sale financial assets

Available for-sale financial assets include equity and debts securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

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

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.6.3 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 is recognised in profit or loss.

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

2.7 Impairment of Financial Assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

2.7.1 Financial Assets Carried at Amortised Cost

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.7 Impairment of Financial Assets - cont'd

2.7.1 Financial Assets Carried at Amortised Cost - cont'd

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

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

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

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

2.7.2 Financial Assets Carried at Cost

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

2.7.3 Available-For-Sale Financial Assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include

(i) significant financial difficulty of the issuer or obligor,

(ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and

(iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.7 Impairment of Financial Assets - cont'd

2.7.3 Available-For-Sale Financial Assets - cont'd

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

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.8 Financial Liabilities

2.8.1 Initial Recognition and Measurement

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

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

2.8.2 Subsequent Measurement

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

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

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.7 Financial Liabilities - cont'd

2.8.2 Subsequent Measurement - cont'd

(i) Financial liabilities at fair value through profit or loss - cont'd

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

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

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2.8.3 Derecognition

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

2.9 Fair Value Estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid prices; the appropriate quoted market prices for financial liabilities are the current ask prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used where appropriate. Other techniques, such as estimated discounted cash flows, are also used to determine the fair values of the financial instruments.

The carrying amounts of current receivables and payables are assumed to approximate their fair values. The fair values of non-current receivables for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.11 Income Taxes

Current income tax liabilities (and assets) for the current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for all deductible taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at:

(i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and

(ii) the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in the statement of comprehensive income for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings, fair value gains and losses on available-for-sale financial assets and cash flow hedges, and the liability component of convertible debts are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.12 Functional and Presentation Currency

2.12.1 Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Singapore Dollar (SGD), which is the Group's functional and presentation currency.

2.12.2 Foreign Currencies Transactions

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.13 Revenue Recognition

Donations from individuals, companies and other organisations are recorded when received. The Company derives a substantial proportion of its income from voluntary donations. Approximately 7% (2012: 8%) of the voluntary donations are in the form of cash. Due to the nature of these donations, the Company has limited accounting controls over the contributions prior to the initial entry in the accounting records.

Government matching grant, MBMF, school fees, tuition fees and other income are accounted for on the accrual basis.

Revenue from projects undertaken by a subsidiary, Centre for Research on Islamic and Malay Affairs Pte Ltd, is recognised based on the percentage-of-completion method. The percentage-of-completion for a given project is determined based on costs incurred to date as a percentage of total estimated costs of the project. Project costs include subcontractor costs, direct staff salaries and other related overhead expenses. Provisions for foreseeable losses on uncompleted projects are made in the year in which such losses are determined.

2.14 Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

Jobs credit grants, which are government grants given to match staff and business costs, are recognised in the month of payment only as certain conditions have to be fulfilled before payment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.15 Employee Benefits

2.15.1 Defined Contribution Pension Costs

The Group makes contributions to the Central Provident Fund 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.

2.15.2 Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

2.16 Finance Costs

Interest expense and similar charges are expensed in the statement of comprehensive income in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of comprehensive income using the effective interest rate method.

2.17 Accumulated Fund

2.17.1 Unrestricted Funds

Unrestricted funds are available for use at the discretion of the board of directors in the furtherance of the general objectives of the Company and which have not been designated for specific purposes.

2.17.2 Restricted Funds

Restricted funds are funds which are to be used in accordance with specific restriction imposed by the fund providers. The aim and use of each restricted fund is set out in Note 14.

2.18 Intangible Assets

2.18.1 Other Intangible Assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.18 Intangible Assets - cont'd

2.18.1 Other Intangible Assets - cont'd

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.18.2 Goodwill on Acquisitions

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of their identifiable net assets and contingent liabilities of the acquired subsidiaries, joint ventures and associated companies at the date of acquisition.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained earnings in the year of acquisition and not recognised in the statement of comprehensive income on disposal.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.19 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 Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company 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 and 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(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).

2.20 Leases

2.20.1 Operating Leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.20 Leases - cont'd

2.20.2 Finance Leases

Leases of assets in which the Company assumes substantially the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.21 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT - cont'd

Property, plant and equipment and depreciation

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete assets that have been abandoned or sold.

Allowance for doubtful debts

Allowance for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The indication of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimates has been changed.

4 PROPERTY, PLANT AND EQUIPMENT

Group

	Valuation	Cost				
2013	Freehold Property	Furniture and fittings	Office equipment	Renovation	Renovation in progress	Total
	S$	S$	S$	S$	S$	S$
Cost/Valuation						
At 01.07.12	4,000,000	508,593	725,971	654,376	143,028	6,031,968
Additions	–	211,630	182,770	276,339	–	670,739
Disposals	–	–	(27,558)	–	–	(27,558)
Recognised during the year	–	–	–	143,028	(143,028)	–
At 30.06.13	4,000,000	720,223	881,183	1,073,743	–	6,675,149
Accumulated Depreciation						
At 01.07.12	41,666	365,702	582,667	444,135	–	1,434,170
Depreciation for the year	250,000	85,600	98,283	135,495	–	569,378
Disposals	–	–	(24,450)	–	–	(24,450)
At 30.06.13	291,666	451,302	656,500	579,630	–	1,979,098
Carrying Amount						
At 30.06.13	3,708,334	268,921	224,683	494,113	–	4,696,051

4 PROPERTY, PLANT AND EQUIPMENT - cont'd

Group - cont'd

2012	Valuation Freehold Property S$	Cost Furniture and fittings S$	Office equipment S$	Renovation S$	Renovation in progress S$	Total S$
Cost/Valuation						
At 01.07.11	4,935,819	406,073	617,201	535,296	–	6,494,389
Additions	–	102,520	118,422	119,080	143,028	483,050
Reversal of depreciation on revaluation	(2,133,853)	–	–	–	–	(2,133,853)
Revaluation gain (Note 13)	1,198,034	–	–	–	–	1,198,034
Disposals	–	–	(9,652)	–	–	(9,652)
At 30.06.12	4,000,000	508,593	725,971	654,376	143,028	6,031,968
Accumulated Depreciation						
At 01.07.11	1,990,334	318,410	522,993	381,349	–	3,213,086
Reversal of depreciation on revaluation	(2,133,853)	–	–	–	–	(2,133,853)
Depreciation for the year	185,185	47,292	69,326	62,786	–	364,589
Disposals	–	–	(9,652)	–	–	(9,652)
At 30.06.12	41,666	365,702	582,667	444,135	–	1,434,170
Provision for Impairment Loss						
At 01.07.11	46,411	–	–	–	–	46,411
Reversal	(46,411)	–	–	–	–	(46,411)
At 30.06.12	–	–	–	–	–	–
Carrying Amount						
At 30.06.12	3,958,334	142,891	143,304	210,241	143,028	4,597,798

4 PROPERTY, PLANT AND EQUIPMENT - cont'd

Company

2013	Valuation Freehold Property S$	Cost: Furniture and fittings S$	Cost: Office equipment S$	Cost: Renovation S$	Cost: Renovation in progress S$	Cost: Total S$
Cost/Valuation						
At 01.07.12	4,000,000	241,228	205,890	372,195	143,028	4,962,341
Additions	–	150,683	115,012	269,939	–	535,634
Disposals	–	–	(20,808)	–	–	(20,808)
Recognised during the year	–	–	–	143,028	(143,028)	–
At 30.06.13	4,000,000	391,911	300,094	785,162	–	5,477,167
Accumulated Depreciation						
At 01.07.12	41,666	146,852	141,493	177,075	–	507,086
Depreciation for the year	250,000	51,955	49,652	131,422	–	483,029
Disposals	–	–	(20,808)	–	–	(20,808)
At 30.06.13	291,666	198,807	170,337	308,497	–	969,307
Carrying Amount						
At 30.06.13	3,708,334	193,104	129,757	476,665	–	4,507,860

4 PROPERTY, PLANT AND EQUIPMENT - cont'd

Company - cont'd

2012	Valuation Freehold Property S$	Cost Furniture and fittings S$	Office equipment S$	Renovation S$	Renovation in progress S$	Total S$
Cost/Valuation						
At 01.07.11	4,935,819	184,516	179,944	270,275	–	5,570,554
Additions	–	56,712	34,446	101,920	143,028	336,106
Reversal of depreciation on revaluation	(2,133,853)	–	–	–	–	(2,133,853)
Revaluation gain (Note 13)	1,198,034	–	–	–	–	1,198,034
Disposals	–	–	(8,500)	–	–	(8,500)
At 30.06.12	4,000,000	241,228	205,890	372,195	143,028	4,962,341
Accumulated Depreciation						
At 01.07.11	1,990,334	117,151	114,495	116,328	–	2,338,308
Reversal of depreciation on revaluation	(2,133,853)	–	–	–	–	(2,133,853)
Depreciation for the year	185,185	29,701	35,498	60,747	–	311,131
Disposals	–	–	(8,500)	–	–	(8,500)
At 30.06.12	41,666	146,852	141,493	177,075	–	507,086
Provision for Impairment Loss						
At 01.07.11	46,411	–	–	–	–	46,411
Reversal of impairment	(46,411)	–	–	–	–	(46,411)
At 30.06.12	–	–	–	–	–	–
Carrying Amount						
At 30.06.12	3,958,334	94,376	64,397	195,120	143,028	4,455,255

The Group adopted the revaluation model for the freehold property. Revaluations are carried out by an independent professional valuer once every two financial years.

A valuation for the premises at 150 Changi Road #04-06 & 04-07 Guthrie Building Singapore 419973 was performed by Colliers International Consultancy & Valuation (S) Pte Ltd for the year ended 30 June 2012. The valuation report dated 18 May 2012 indicated a market value of S$4,000,000 as at 18 May 2012. The market value was derived based on an open market value on an existing use basis.

4 PROPERTY, PLANT AND EQUIPMENT - cont'd

In the prior year, the significant increase in the market value of freehold property resulted in a reversal of impairment loss of S$ 46,411 which was recognised in the statement of comprehensive income.

The carrying amount of freehold property would have been S$863,926 (2012:$1,113,926) had the freehold property been carried at cost less accumulated depreciation and impairment losses.

Renovation-in-progress for the prior year pertains to design and construction of a proposed child care centre in Buangkok Crescent (Note 28).

The carrying amount of property, plant and equipment of the Group and Company includes an amount of S$48,832 (2012: S$4,307) in respect of office equipment held under finance lease.

5 INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	S$	S$
Unquoted equity shares, at cost	500,000	500,000
Less: Allowance for impairment		
Balance at beginning of year	(249,999)	(499,998)
Allowance written back during the year	–	249,999
Balance at end of year	(249,999)	(249,999)
	250,001	250,001

The allowance for impairment at the end of the year is in respect of the Centre for Research on Islamic and Malay Affairs Pte Ltd ("RIMA").

Name of company	Principal activities	Country of incorporation and place of business	Effective equity held by the Company		Cost of Investment	
			2013	2012	2013	2012
			%	%	S$	S$
Centre for Research on Islamic and Malay Affairs Pte Ltd *	To provide research and studies into the affairs of the Malay/Muslim community	Singapore	100	100	250,000	250,000
Mercu Learning Point Pte Ltd *	To provide educational, training and childcare services	Singapore	100	100	250,000	250,000

* Audited by Rohan ● Mah & Partners, Singapore

6 AVAILABLE- FOR- SALE FINANCIAL ASSETS

	Group and Company	
	2013	2012
	S$	S$
Unquoted equity shares, at cost	24,000	24,000
Less: Allowance for impairment		
Balance at beginning of year	24,000	24,000
Allowance for the year written back	(1)	–
Balance at end of year	(23,999)	(24,000)
	1	–

The available-for-sale financial assets is in respect of GEMA Holdings Limited, a company incorporated in Singapore.

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	S$	S$	S$	S$
Trade receivables	100,410	149,747	21,615	26,089
Less: Allowance for impairment				
Balance at beginning of year	(5,073)	(4,653)	–	–
Allowance for the year	(12,305)	(10,647)	–	–
Allowance written back	–	3,981	–	–
Allowance written-off	–	6,246	–	–
Balance at end of year	(17,378)	(5,073)	–	–
	83,032	144,674	21,615	26,089
Amount due from subsidiaries - non trade	–	–	2,302,071	1,765,312
Less: Allowance for impairment				
Balance at beginning of year	–	–	523,070	523,932
Allowance for the year (Note 16)	–	–	404,413	–
Allowance written back	–	–	–	(862)
Balance at end of year	–	–	927,483	523,070
	–	–	1,374,588	1,242,242
Deposits, prepayments and other receivables (Note 8)	1,239,033	1,304,956	1,113,640	1,170,583
	1,322,065	1,449,630	2,509,843	2,438,914

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

The Group and the Company do not have concentration of credit risk in respect of a customer or a group of customers.

7 TRADE AND OTHER RECEIVABLES - cont'd

The aging of trade receivables at the reporting date is:

Group

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The maximum exposure of credit risk for trade receivables at the reporting date is S$83,032 (2012: S$144,674).

	Gross 2013 S$	Impairment losses 2013 S$	Gross 2012 S$	Impairment losses 2012 S$
Not past due	48,376	–	78,106	416
Past due 0 - 30 days	32,945	–	35,939	619
Past due 31 - 60 days	2,852	1,141	13,576	892
Past due 61 - 90 days	1,553	1,553	6,719	606
More than 90 days	14,684	14,684	15,407	2,540
	100,410	17,378	149,747	5,073

Company

Trade receivables are non-interest bearing and are generally on 30-day term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The maximum exposure of credit risk for trade receivables at the reporting date S$21,615 (2012: S$26,089).

	Gross 2013 S$	Impairment losses 2013 S$	Gross 2012 S$	Impairment losses 2012 S$
Not past due	–	–	3,810	–
Past due 0 - 30 days	21,455	–	7,767	–
Past due 31 - 60 days	160	–	2,578	–
Past due 61 - 90 days	–	–	5,498	–
More than 90 days	–	–	6,436	–
	21,615	–	26,089	–

Based on historical default rates, the Group and the Company believes that no further impairment allowance is necessary in respect of trade receivables not past due and more than 90 days. These receivables are mainly arising by customers that have good record with the Group and the Company.

The carrying amounts of trade and other receivables approximate their fair values and are denominated in Singapore Dollar.

8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2013 S$	2012 S$	2013 S$	2012 S$
Government matching grant (Note 15)	850,000	850,000	850,000	850,000
MBMF grant	120,000	200,000	120,000	200,000
Deposits	98,164	102,512	56,759	49,265
Prepayments	82,958	87,397	–	8,997
Sundry receivables	87,911	65,047	86,881	62,321
	1,239,033	1,304,956	1,113,640	1,170,583

9 CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 S$	2012 S$	2013 S$	2012 S$
Cash at bank and in hand	1,495,672	1,511,433	392,145	415,694
Fixed deposits	1,862,309	1,856,375	1,853,538	1,847,604
	3,357,981	3,367,808	2,245,683	2,263,298

Fixed deposits at the balance sheet date have an average maturity of five to nine months (2012: five to nine months) from the end of the financial year with the weighted average effective interest rates of 0.693% (2012: 0.701%) and 0.693% (2012: 0.701%) for the Group and the Company respectively.

In prior year, the subsidiary's fixed deposits were pledged to a bank to secure bank guarantees amounting to S$8,771. The guarantees are placed in lieu of rental deposits with Housing Development Board (HDB) in respect of premises at Blk 256 Bangkit Road, #03-71, Singapore 670256. The bank guarantees expired on 15 March 2013.

For the purposes of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2013 S$	2012 S$
Cash and bank balances (as above)	3,357,981	3,367,808
Less: Fixed deposits pledged for bankers' guarantees	–	(8,771)
Cash and cash equivalents per consolidated statement of cash flows	3,357,981	3,359,037

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in Singapore Dollar.

10 TRADE AND OTHER PAYABLES

	Group 2013 S$	Group 2012 S$	Company 2013 S$	Company 2012 S$
Trade payables	39,600	71,281	25,190	66,572
Amounts due to subsidiaries - non trade	–	–	1,863,958	1,416,798
Accrued operating expenses	882,380	899,041	331,802	380,158
Other payables	144,625	170,661	63,461	73,407
Deposits received	353,722	311,586	259,040	210,634
Deferred income	254,597	295,601	160,480	194,628
GST payables	96,351	–	–	–
Refundable deposit #	7,000	–	–	–
Refundable subsidy ##	10,642	–	–	–
	1,788,917	1,748,170	2,703,931	2,342,197
Amount due to Madrasah Aljunied *				
Balance at beginning of year	70,982	71,591	70,982	71,591
Add: Receipts during the year	319,926	327,262	319,926	327,262
Less: Administrative expenses	(6,919)	(7,137)	(6,919)	(7,137)
Management fees	(37,561)	(38,415)	(37,561)	(38,415)
Disbursement during the year	(276,790)	(282,319)	(276,790)	(282,319)
	(1,344)	(609)	(1,344)	(609)
Balance at end of year	69,638	70,982	69,638	70,982
Amount due to Abdul Gafoor Mosque **				
Balance at beginning of year	9,204	19,514	9,204	19,514
Add: Receipts during the year	19,308	19,224	19,308	19,224
Less: Administrative expenses	(237)	(311)	(237)	(311)
Management fees	(382)	(378)	(382)	(378)
Disbursement during the year	–	(28,845)	–	(28,845)
	18,689	(10,310)	18,689	(10,310)
Balance at end of year	27,893	9,204	27,893	9,204
	1,886,448	1,828,356	2,801,462	2,422,383

Trade payables are non-interest bearing. Trade and other payables are normally settled on 30-60 day term.

Amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

Included in accrued operating expenses is accrual for bonus amounting to S$533,488 (2012: S$505,418) and S$205,866 (2012: S$254,312) for the Group and Company respectively.

10 TRADE AND OTHER PAYABLES - cont'd

Refundable deposit relates to deposit for the assignment of all rights, title, interest and goodwill in relation to the proposed sale of the Bangkit Learning Centre.

Refundable subsidy relates to additional subsidy given by Ministry of Social and Family Development after monthly fee payments were made by parents. This would be refunded to parents in August 2013.

* The Company provides the *Jawatankuasa Pembinaan Semula Madrasah Aljunied* ("JPSMA"), a committee constituted and authorised by Majlis Ugama Islam Singapura ("the Majlis"), with management assistance to raise funds for the Madrasah Aljunied.

** The Company provides the Abdul Gafoor Mosque Management Board ("AGMB"), a committee constituted and authorised by the Majlis, with management assistance to raise funds for the Abdul Gafoor Mosque.

The carrying amounts of trade and other payables approximate their fair values and are denominated in Singapore Dollar.

11 DEFERRED TAXATION

	Group and Company	
	2013	2012
	S$	S$
Balance at beginning of the year	–	–
Charged to statement of comprehensive income (Note 20)	78,342	–
Balance at end of the year	78,342	–

12 OBLIGATION UNDER FINANCE LEASE

At 30 June 2013, the Group and Company had obligations under finance lease that are repayable as follows:

	Payments 2013	Interest 2013	Principal 2013	Payments 2012	Interest 2012	Principal 2012
	S$	S$	S$	S$	S$	S$
Within 1 year	22,505	1,782	20,723	1,836	151	1,685
After 1 year but within 5 years	30,588	2,411	28,177	3,060	251	2,809
After 5 years	–	–	–	–	–	–
	53,093	4,193	48,900	4,896	402	4,494
Amount due within 1 year	(22,505)	(1,782)	(20,723)	(1,836)	(151)	(1,685)
	30,588	2,411	28,177	3,060	251	2,809

12 OBLIGATION UNDER FINANCE LEASE - cont'd

(a) The average lease term is 3 years. For the year ended 30 June 2013, the average effective borrowing rate was 3.779% (2012: 3.5%) per annum. Interest rate is fixed at the contract date, and thus exposes the Group and the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

(b) The carrying amounts of the Group and the Company's lease obligations approximate their fair values and are denominated in Singapore Dollar.

(c) The Group and the Company's obligations under finance leases are secured by the lessee's title to the leased assets.

13 PROPERTY REVALUATION RESERVE

	Group and Company	
	2013	2012
	S$	S$
Beginning of the financial year	1,198,034	–
Revaluation gain	–	1,198,034
End of the financial year	1,198,034	1,198,034

14 RESTRICTED FUNDS

(a) Fund movement

	Group and Company		
	Dedicated Centre for Marriages & Divorces (DDC) * Operation Grant	Ready For School Fund ** Donations	Total
2013	S$	S$	S$
Balance at beginning of the year	–	22,812	22,812
Incoming resources	237,525	255,002	492,527
Transfer from Unrestricted Fund	129,791	77,250	207,041
Expenditure	(367,316)	(334,512)	(701,828)
Balance at end of the year	–	20,552	20,552

14 RESTRICTED FUNDS - cont'd

(a) Fund movement - cont'd

	Group and Company		
	Dedicated Centre for Marriages & Divorces (DDC) * Operation Grant	Ready For School Fund ** Donations	Total
2012	**S$**	**S$**	**S$**
Balance at beginning of the year	–	56,722	56,722
Incoming resources	255,000	323,912	578,912
Transfer from Unrestricted Fund	89,165	77,315	166,480
Expenditure	(344,165)	(435,137)	(779,302)
Balance at end of the year	–	22,812	22,812

(b) Description

* The restricted fund is for the Dedicated Centre for Marriages & Divorces (DDC), also known as INSPIRASI@AMP, which has been set up as an intervention centre for marriages and divorces involving Muslim minors. The Centre is funded by the Ministry of Culture, Community and Youth (MCCY).

** The Company's Ready for School Fund was established as a restricted fund in July 2007. The income sources of the Fund are public donations and projects specifically in aid of the Fund. The purpose of the Fund is to aid disadvantaged school-going children of all races in essential school expenditures including school and tuition fee subsidies, enrichment programmes subsidies, transportation expense and other financial assistance.

15 REVENUE

	Group		Company	
	2013	2012	2013	2012
	S$	S$	S$	S$
Donations *	1,597,390	1,599,904	1,597,390	1,599,904
Government matching grant **	1,000,000	1,000,000	1,000,000	1,000,000
MBMF grant	571,999	525,265	571,999	525,265
Other grants	398,541	343,288	398,541	343,288
Childcare centre fees and subsidies	2,441,060	1,978,222	2,390,410	1,925,344
Human resource projects	-	5,050	-	5,050
Pre-school centre fees	665,595	603,733	-	-
Tuition and enrichment service centres	989,072	1,366,020	-	-
Student care fees and subsidies	1,903,658	1,121,447	1,520,220	931,265
Research income	1,460	63	-	-
Training and education projects	32,321	52,942	32,321	52,942
Convention/Anniversary income	17,853	15,513	17,853	35,313
Social action programmes	637,682	664,528	637,682	664,528
	10,256,631	9,275,975	8,166,416	7,082,899

* Included in donations is zakat contribution amounting to S$730,523 (2012: S$739,040).

** The government matching grant is capped at $1,000,000. Included in government matching grant is the Company's share of a government matching grant for community self-help organisations of S$850,000 (2012: S$850,000) which relates to the donations receivable during the year ended 30 June 2013 and is included in other receivables (Note 8).

16 EXPENDITURE

	Group		Company	
	2013	2012	2013	2012
	S$	S$	S$	S$
Social action programme - (Al-Hijrah)	1,342,777	1,446,037	1,432,942	1,446,037
Fund raising projects	304,044	315,879	304,044	315,879
Contributions for community projects	21,200	21,319	21,200	21,319
Research	419,253	97,067	165,754	120,000
Pre-school centres	584,439	530,004	–	–
Childcare centres	1,628,118	1,338,331	–	–
Student care centres	1,571,243	921,324	–	–
Adult education and training	154,266	173,822	154,266	173,822
Tuition and enrichment centres	746,074	1,072,227	–	–
Corporate services	366,521	641,947	182,968	200,398
Management information systems	175,795	174,271	175,795	174,271
Management fees (Note 23)	–	–	3,910,624	2,856,609
Human resource/volunteer management	267,904	240,104	267,904	240,104
Convention/Anniversary expenses	2,227	152,413	2,227	152,413
General administrative expenditure and overheads	2,974,111	2,024,055	1,767,935	1,586,868
Impairment loss of subsidiary receivables *	–	–	404,413	–
	10,557,972	9,148,800	8,790,072	7,287,720

The above expenditure includes the following:

	Group		Company	
	2013	2012	2013	2012
	S$	S$	S$	S$
Allowance written back - non trade	–	–	–	(862)
Allowance written back - trade	–	(3,981)	–	–
Allowance for the year - trade	–	10,647	–	–
Depreciation	569,378	364,589	483,029	311,131
Loss on disposal of property, plant and equipment	3,108	–	–	–
Staff costs (Note 18)	6,246,115	4,976,790	2,191,998	2,118,591
Zakat	19,000	40,000	–	–

* The impairment loss of subsidiary receivables for the year is in respect of the Centre for Research on Islamic and Malay Affairs Pte Ltd ("RIMA") (Note 7).

17 OTHER INCOME

	Group 2013 S$	Group 2012 S$	Company 2013 S$	Company 2012 S$
Corporate service fees (Note 23)	–	–	31,500	27,000
Gain on disposal of business units *	33,206	–	–	–
Government grants	93,144	35,022	–	–
Rental income	–	396	240,876	131,274
Internal audit (Note 23)	–	–	18,750	18,750
Miscellaneous income	29,139	30,069	5,037	27,006
Reversal of impairment loss on subsidiary	–	–	–	249,999
Reversal of impairment loss on available-for-sale financial assets	1	–	1	–
	155,490	65,487	296,164	454,029

* During the year, the Woodlands Learning Centre was taken over by a third party. The amount S$33,206 is the gain on disposal of the business unit.

18 STAFF COST

	Group 2013 S$	Group 2012 S$	Company 2013 S$	Company 2012 S$
Staff salaries and related costs	5,475,544	4,343,774	1,917,537	1,857,507
Defined contribution pension costs	770,571	633,016	274,461	261,084
	6,246,115	4,976,790	2,191,998	2,118,591
Included in staff costs are remunerations of key management	1,394,019	1,318,924	918,523	862,930

The number of key management personnel whose remuneration is within the S$100,001 to S$150,000 band is one (2012: one). Key management personnel comprise the executive director and the direct reporting senior officers.

19 FINANCIAL EXPENSES

	Group		Company	
	2013	2012	2013	2012
	S$	S$	S$	S$
Bank charges	7,559	5,931	1,845	2,219
Finance lease interest	1,103	50	1,103	50
	8,662	5,981	2,948	2,269

20 TAXATION

The Company

The Company is an approved charity under the Charities Act, Cap. 37 and has been accorded the status of an Institution of a Public Character (IPC) for the period from 10 October 2009 to 9 October 2014.

With effect from the Year of Assessment 2008, the requirement for charities to spend at least 80% of their annual receipts on charitable objects in Singapore within 2 years in order to enjoy income tax exemptions has been removed. All registered and exempt charities will enjoy automatic income tax exemption. In other words, charities do not need to file income tax returns effective from the Year of Assessment 2009.

The Group

Major components of income tax expense are as follows:

	Group	
	2013	2012
	S$	S$
Current year taxation	–	–
Over-provision of prior year tax	–	(5,345)
Deferred taxation (Note 11)	(78,342)	–
	(78,342)	(5,345)

20 TAXATION - cont'd

A reconciliation between the tax expense and the product of accounting result multiplied by the applicable tax rate are as follows:

	Group	
	2013	2012
	S$	S$
(Loss)/Profit before taxation	(141,636)	198,297
Tax expense on (loss)/profit before tax at 17%	(24,078)	33,710
Tax effect of expenses not deductible for tax purposes	16,480	9,252
Tax effect of income not deductible for tax purposes	(20,013)	(5,624)
Utilisation of capital allowance	(31,325)	(37,462)
Unutilised/(Utilisation) of tax losses	73,700	1,432
Deferred taxation	(78,342)	–
Over-provision of prior year tax	–	(5,345)
Tax exemption	(14,764)	(1,308)
Tax expense	(78,342)	(5,345)

Unrecognised deferred tax assets:

The subsidiaries' deferred tax assets in respect of the following items have not been recognised in the financial statements as the probability of future taxable profits being available to utilise such benefits cannot be reliably established:

	Group	
	2013	2012
	S$	S$
Differences in tax-written down value (TWDV) and carrying amount of qualifying expenditure	–	(13,913)
Unutilised capital allowances	–	66,496
Unutilised tax losses	189,040	131,892
	189,040	184,475

The Group

The Group's unutilised capital allowances and tax losses are available for offset against future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the Singapore Income Tax Act, Cap.134.

21 TAX-EXEMPT RECEIPTS

The Company enjoys a concessionary tax treatment whereby qualifying donors are granted double tax deduction for the donations made to the Company. This status was granted for 5 years with effect from 10 October 2009. With effect from January 2009, qualifying donors are granted 2.5 times tax deduction for the donations made to the Company.

During the financial year, the Company issued tax-exempt receipts for donations collected amounting to S$565,258 (2012: S$558,209).

22 OPERATING LEASE COMMITMENTS

Rental expenses (principally for office premises and office equipment) for the Group for the year ended 30 June 2013 were S$739,877(2012: S$714,276). Most leases contain renewable options. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debts or further leasing. The leases have varying terms and renewal rights and their lease terms are between 2 and 5 years.

Future minimum rental under non-cancellable leases are as follows as at 30 June:

	Group	
	2013	2012
	S$	S$
Payable:		
Within 1 year	612,234	759,247
After 1 year but within 5 years	299,668	575,481
	911,902	1,334,728

23 RELATED PARTY TRANSACTIONS

A related party includes the trustees/office bearers (that is, directors) and key management of the Company. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. Key management personnel include the Executive Director and key executives.

It is not the normal practice for the trustees/office bearers, or people connected with them, to receive remuneration, or other benefits, from the Company for which they are responsible, or from institutions connected with the Company except that the Executive Director and the direct reporting senior officers have employment relationships with the Company and its subsidiaries and have received remuneration in these capacities.

All board members, chairman of sub-committees and staff members of the Company are required to read and understand the conflict of interest policy in place and make full disclosure of interests, relationships and holdings that could potentially result in conflict of interests. When a conflict of interest situation arises, the members or staff shall abstain from participating in the discussion, decision making and voting on the matters.

23 RELATED PARTY TRANSACTIONS - cont'd

Except for the significant related parties transactions on terms agreed between the Company and its related parties as disclosed below, there are no other transaction and arrangements between the Company and related parties:

	Group		Company	
	2013	2012	2013	2012
	S$	S$	S$	S$
Income				
Corporate service fees from subsidiaries (Note 17)	–	–	31,500	27,000
Rental income from a subsidiary	–	–	238,536	130,878
Internal audit (Note 17)	–	–	18,750	18,750
Share of expenses	–	–	138,648	152,473
Expenses				
Fees subsidies	–	–	90,165	115,258
Management fees to a subsidiary * (Note 16)	–	–	3,910,624	2,856,609
Research fees to a subsidiary	–	–	165,754	120,000

Balance with related parties at the balance sheet date are set out in Note 7 and 10.

Compensation to key management personnel are disclosed in Note 18.

* Management fees to Mercu Learning Point Pte Ltd relates to the running of the childcare and student care centres.

24 CONTINGENT LIABILITIES (UNSECURED)

During the year, the Company has given an undertaking to one of its subsidiaries to provide the necessary financial support in order to enable the subsidiary to continue as a going concern. As at the end of the financial year, the subsidiary has a capital deficit of S$961,600 (2012: S$528,072).

25 FUND RAISING AND SPONSORSHIP EXPENSES

The Company's total fund raising and sponsorship expenses was S$304,044 (2012: S$325,879) which is less than 30% of the total gross receipts from fund raising and sponsorships of S$1,597,390 (2012: S$1,599,904) raised during the year.

During the year, the total fund raising and sponsorship expenses include all expenses classified under fund raising projects, while the total gross receipts from fund raising and sponsorships include all donations received.

26 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The carrying amounts presented in the balance sheet relate to the following categories of financial assets and financial liabilities:

Group

	2013 S$	2012 S$
Financial assets		
Loans and receivables:		
Trade and other receivables	1,239,107	1,362,233
Cash and cash equivalents	3,357,981	3,367,808
	4,597,088	4,730,041
Financial liabilities		
Financial liabilities measured at amortised cost:		
Obligations under finance leases	48,900	4,494
Trade and other payables	1,631,851	1,532,755
	1,680,751	1,537,249

Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are credit risk, foreign currency, and interest rate risk and liquidity risk. The management reviews and agrees policies for managing this risk and the policies of managing each of these risks are summarised below:

Credit Risk

Credit risk refers to the risk that counter parties may default on their contractual obligations resulting in a financial loss to the Group. The Group's customer portfolio is diversified and there is no reliance on any customer. These exposures are monitored and provision for potential credit losses is adjusted when necessary. The aggregate amount of its trade and other receivables and bank balance represents the Group maximum exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of the Group's customers to make payments when due. The amounts presented in the balance sheet are net of allowances for impairment of trade receivables, estimated by management based on prior experience and the current economic environment.

The Group monitors its credit collection regularly as a means of managing credit risk.

Information regarding financial assets that are either past due or impaired is disclosed in Note 7 (Trade and other receivables).

26 FINANCIAL INSTRUMENTS - cont'd

Foreign Currency Risk

Foreign exchange risk arises from change in foreign exchange rates that may have an adverse effect on the Group in the current reporting period and in the future years. The Group's exposure to foreign currency risk is minimal as all transactions are dealt with in local currency.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The tables below set out the Group's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Group

	Variable rates		Fixed rates		
	Less than 1 year	2 to 5 years	Less than 1 year	2 to 5 years	Total
	S$	S$	S$	S$	S$
2013					
Assets					
Cash and cash equivalents	–	–	1,862,309	–	1,862,309
2012					
Assets					
Cash and cash equivalents	–	–	1,856,375	–	1,856,375

Sensitivity analysis

An increase or decrease in 100 basis point ("bp") (1%) in interest rate at the reporting date would have no significant effect on equity and profit or loss (before tax). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The Group does not use derivative financial instruments to hedge its debt obligations.

26 FINANCIAL INSTRUMENTS - cont'd

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group monitors its net operating cash flow and maintains an adequate level of cash and cash equivalent.

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

30.06.13	Within 1 year S$	Within 2 to 5 years S$	More than 5 years S$	Total S$
Financial Assets				
Trade receivables and other receivables	1,239,107	–	–	1,239,107
Cash and cash equivalents	3,357,981	–	–	3,357,981
Total undiscounted financial assets	4,597,088	–	–	4,597,088
Financial liabilities				
Obligations under finance leases	20,723	28,177	–	48,900
Trade payables and other payables	1,631,851	–	–	1,631,851
Total undiscounted financial liabilities	1,652,574	28,177	–	1,680,751
Total net undiscounted financial assets/(liabilities)	2,944,514	(28,177)	–	2,916,337
30.06.12				
Financial Assets				
Trade receivables and other receivables	1,362,233	–	–	1,362,233
Cash and cash equivalents	3,367,808	–	–	3,367,808
Total undiscounted financial assets	4,730,041	–	–	4,730,041
Financial liabilities				
Obligations under finance leases	1,685	2,809	–	4,494
Trade payables and other payables	1,532,755	–	–	1,532,755
Total undiscounted financial liabilities	1,534,440	2,809	–	1,537,249
Total net undiscounted financial assets/(liabilities)	3,195,601	(2,809)	–	3,192,792

26 FINANCIAL INSTRUMENTS - cont'd

Fair Value of Financial Instruments

As at the end of the financial year, the Group has no financial assets or financial liabilities that are carried at fair value measurements.

The carrying amounts of financial assets and financial liabilities of the Group recorded at amortised cost in the financial statements approximate their fair values due to their short term nature.

27 CAPITAL MANAGEMENT

The objectives of the Group and the Company when managing its funds are to safeguard and to maintain adequate working capital to continue as going concern and to develop its principle activities over the longer term. No changes were made in the objectives, policies or processes during the years ended 30 June 2012 and 30 June 2013.

General Reserve Policy

Policy Statement

The primary objective of this policy is to promote transparency on management with regard to its reserves and to assure stakeholders that the Company's financial reserve is well managed and has, where appropriate, a strategy for building up the reserves. The policy applies to net assets not earmarked for restricted usage.

General Reserves

The Company will build up and maintain a reserve that will be no less than 1 year and not more than 5 years of the annual operating expenditure. The reserves will be reviewed by the Finance and Investment Committee at least annually to see if the current arrangement provides adequate cover to meet the needs of the Company's operating expenditure during difficult financial times.

The preparation of the annual budget should be with the intent of building up the general reserve to the desired level.

The general reserve funds may be invested in accordance with the Investment Policy Framework adopted by the Finance and Investment Committee.

Surplus assets

In accordance with the Memorandum of Association, if on the winding-up or dissolution of the Company, or in the event of the Company ceasing to be a registered charity under the Charities Act there remains, after the satisfaction of all its debts and liabilities any property whatsoever, the same shall not be paid to or distributed among the members of the Company, but shall be given or transferred to some other charitable institution or institutions of a public character in Singapore which are registered under the Charities Act, (Cap. 37).

28 CAPITAL COMMITMENTS

	Group and Company	
	2013	2012
	S$	S$
Amount authorised and contracted for	–	376,760

In the prior year, the Group and the Company has entered into a contract for the design and construction of a proposed child care centre in Buangkok Crescent. The child care centre had commenced operations during the year.

As at the year-end, the total amount paid for this contract was NIL (2012:S$143,028) (Note 4).

29 SUBSEQUENT EVENTS

On 28 June 2013, one of the subsidiaries signed an agreement with an Assignee on the takeover of the Bangkit Learning Centre. The premises have been handed over to the assignee on 1 August 2013.