

DIRECTORS' REPORT & ▲ AUDITED FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015



ANNUAL REPORT 2015

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▲ AUDITED
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STATEMENTS

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DIRECTORS

Azmoon Bin Ahmad

Bibi Jan Mohamed Ayyub

Mohamed Nawab Mohamed Osman

Muhammad Shamir Bin Abdul Rahim

Mohammed Raziff Bin Abdull Hamid

Phiroze Bin Abdul Rahman

Abdul Hamid Bin Abdullah

Suryahti Abdul Latiff *(Resigned on 13 July 2015)*

Mohd Ismail bin Hussein *(Resigned on 8 November 2014)*

Muhamad Nazzim Bin Muhamad Hussain *(Resigned on 8 November 2014)*

(Appointed on 6 December 2014)

Md Badrun Nafis Bin Saion *(Appointed on 6 December 2014)*

Othman Lebby Marican Bin Vappoo Maricar *(Resigned on 8 November 2014)*

(Appointed on 6 December 2014)

Zhulkarnain Bin Abdul Rahim *(Appointed on 6 December 2014)*

SECRETARY

Kong Yuh Ling Doreen

REGISTERED OFFICE

78 Shenton Way #26-02A

Singapore 079120

AUDITORS

Rohan ▪ Mah & Partners LLP

BANKERS

United Overseas Bank Limited

Oversea-Chinese Bank Corporation Limited

DBS Bank Ltd

Malayan Banking Berhad

CONTENTS

01 **Report of the Directors**

03 **Statement by Directors**

04 **Independent Auditors' Report**

06 **Statements of Financial Position**

07 **Statements of
Comprehensive Income**

08 **Statements of Changes in Funds**

09 **Consolidated Statement of
Cash Flows**

10 **Notes to the Financial Statements**

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 2015.

1 **DIRECTORS OF THE COMPANY**

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

Azmoon Bin Ahmad

Bibi Jan Mohamed Ayyub

Mohamed Nawab Mohamed Osman

Muhammad Shamir Bin Abdul Rahim

Mohammed Raziff Bin Abdull Hamid

Phiroze Bin Abdul Rahman

Abdul Hamid Bin Abdullah

Muhamad Nazzim Bin Muhamad Hussain *(Resigned on 8 November 2014)*

(Appointed on 6 December 2014)

Md Badrun Nafis Bin Saion

(Appointed on 6 December 2014)

Othman Lebby Marican Bin Vappoo Maricar *(Resigned on 8 November 2014)*

(Appointed on 6 December 2014)

Zhulkarnain Bin Abdul Rahim

(Appointed on 6 December 2014)

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 LLP, Chartered Accountants, Singapore have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD



Azmoon Bin Ahmad
Director



Mohammed Raziff Bin Abdull Hamid
Director


Singapore,
24 October 2015

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 2015 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.

ON BEHALF OF THE BOARD



Azmoon Bin Ahmad
Director



Mohammed Raziff Bin Abdull Hamid
Director

Singapore,
24 October 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSOCIATION OF MUSLIM PROFESSIONALS AND ITS SUBSIDIARIES

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 statement of financial position of the Group and of the Company as at 30 June 2015, and statements of comprehensive income of the Group and of the Company, statements 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 financial statements 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 statement of financial position, the statement of comprehensive income 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 financial position of the Group and the Company as at 30 June 2015 and the financial performance, changes in funds of the Group and the Company and cash flow of the Group for the year ended on that date.

OTHER MATTERS

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

Although the subsidiary's current liabilities exceeded the current assets, and the accumulated losses exceeded the paid-up capital and reserves, by S\$1,438,888 and S\$1,436,272 respectively as at 30 June 2015, the financial statements have been prepared on the basis that the subsidiary is a going concern as the ultimate holding company has given written confirmation of its continuing financial support for the subsidiary.


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 Company as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- b. The Company has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



ROHAN - MAH & PARTNERS LLP

Public Accountants and Chartered Accountants
Singapore

24 October 2015

(RK/MA/FM/GL/XY/CS/as)

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Group		Company	
		2015 S\$	2014 S\$	2015 S\$	2014 S\$
ASSETS LESS LIABILITIES					
Non-Current Assets					
Property, plant and equipment	4	8,458,127	8,661,546	8,334,601	8,506,340
Investments in subsidiaries	5	-	-	250,001	250,001
Available-for-sale financial assets	6	1	1	1	1
Deferred taxation	11	122,305	105,448	-	-
		8,580,433	8,766,995	8,584,603	8,756,342
Current Assets					
Trade and other receivables	7	3,453,655	2,162,058	3,007,244	2,685,671
Cash and cash equivalents	9	4,743,557	4,748,367	3,854,922	2,885,144
		8,197,212	6,910,425	6,862,166	5,570,815
Current Liabilities					
Trade and other payables	10	4,351,127	3,685,614	4,498,729	3,546,198
Obligation under finance lease	12	31,263	43,408	31,263	43,408
		4,382,390	3,729,022	4,529,992	3,589,606
Net Current Assets		3,814,822	3,181,403	2,332,174	1,981,209
Non-Current Liabilities					
Obligation under finance lease	12	6,985	38,248	6,985	38,248
Net Assets		12,388,270	11,910,150	10,909,792	10,699,303
ACCUMULATED FUND					
Property revaluation reserve	13	5,498,034	5,498,034	5,498,034	5,498,034
Unrestricted funds		6,599,620	6,364,812	5,121,142	5,153,965
Restricted funds	14	290,616	47,304	290,616	47,304
		12,388,270	11,910,150	10,909,792	10,699,303

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Group		Company	
		2015 S\$	2014 S\$	2015 S\$	2014 S\$
Continuing operations					
Revenue	15	17,187,156	14,025,712	11,033,017	9,159,440
Expenditure	16	(17,124,492)	(14,305,658)	(11,085,809)	(9,766,688)
Other income	17	402,617	343,666	258,671	337,037
Interest income		12,108	12,560	12,108	12,413
Financial expenses	19	(16,126)	(12,328)	(7,498)	(5,925)
Profit/(Loss) before tax for the year		461,263	63,952	210,489	(263,723)
Taxation	20	16,857	27,106	-	-
Profit/(Loss) from continuing operations		478,120	91,058	210,489	(263,723)
Profit/(Loss) for the year		478,120	91,058	210,489	(263,723)
Total comprehensive income/(loss) for the year		478,120	91,058	210,489	(263,723)

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

STATEMENTS OF CHANGES IN FUNDS

FOR THE YEAR ENDED 30 JUNE 2015

ACCUMULATED FUND	Group			Total S\$
	Property revaluation reserve S\$	Unrestricted S\$	Restricted S\$	
Balance as at 1 July 2013	1,198,034	6,300,506	20,552	7,519,092
Revaluation gain (Note 13)	4,300,000	-	-	4,300,000
Total comprehensive income for the year	-	64,306	26,752	91,058
Balance as at 30 June 2014	5,498,034	6,364,812	47,304	11,910,150
Total comprehensive income for the year	-	234,808	243,312	478,120
Balance as at 30 June 2015	5,498,034	6,599,620	290,616	12,388,270
ACCUMULATED FUND	Company			Total S\$
	Property revaluation reserve S\$	Unrestricted S\$	Restricted S\$	
Balance as at 1 July 2013	1,198,034	5,444,440	20,552	6,663,026
Revaluation gain (Note 13)	4,300,000	-	-	4,300,000
Total comprehensive (loss)/income for the year	-	(290,475)	26,752	(263,723)
Balance as at 30 June 2014	5,498,034	5,153,965	47,304	10,699,303
Total comprehensive (loss)/income for the year	-	(32,823)	243,312	210,489
Balance as at 30 June 2015	5,498,034	5,121,142	290,616	10,909,792

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Group	
	2015 S\$	2014 S\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	461,263	63,952
Adjustments for :		
Depreciation of property, plant and equipment	977,596	688,650
Finance lease interest	2,956	2,658
Interest income	(12,108)	(12,560)
Loss on disposal of property, plant and equipment	263	869
Profit before working capital changes	1,429,970	743,569
Working capital changes, excluding changes related to cash:		
Trade and other receivables	(1,291,597)	(839,993)
Trade and other payables	665,513	1,799,166
Cash generated from operations	803,886	1,702,742
Interest income received	12,108	12,560
Net cash generated from operating activities	815,994	1,715,302
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment	(774,440)	(355,514)
Proceeds from sales of plant and equipment	-	500
Net cash used in investing activities	(774,440)	(355,014)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in finance lease liabilities – additions	-	69,740
– repayments	(43,408)	(36,984)
Finance lease interest paid	(2,956)	(2,658)
Net cash (used in)/generated from financing activities	(46,364)	30,098
Net (decrease)/increase in cash and cash equivalents	(4,810)	1,390,386
Cash and cash equivalents beginning of year	4,748,367	3,357,981
Cash and cash equivalents at end of year (Note 9)	4,743,557	4,748,367

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

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 it 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 2015, the Company has 977 (2014: 962) ordinary members. In addition, the Company has 302 (2014: 299) 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 2014 to 9 October 2018.

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 2015 were authorised for issue in accordance with a resolution of the Directors on 24 October 2015.

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 2014. 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.

2.2 **Group Accounting**

Basis of Consolidation

The financial statements of the Company for the year ended 30 June 2015 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 2.18.2 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 statement of financial position. 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 statement of financial position. 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.

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 subsidiary. 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 property, 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 statement of financial position 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 statement of financial position 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.

2.4.3 **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 property, plant and equipment are reviewed and adjusted as appropriate at each statement of financial position 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.

2.5 **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 statement of financial position 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.

2.6.2 *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.

(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.

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.

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 statement of financial position 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.

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 statement of financial position 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 statement of financial position 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.

2.10 **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 statement of financial position 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 statement of financial position date; and

(ii) the tax consequence that would follow from the manner in which the Group expects, at the statement of financial position 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.

2.12 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 8% (2014: 7.7%) 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.

2.15 **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 statement of financial position 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.

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 statement of financial position date. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

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 an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the 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.

2.20.2 *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 statement of financial position 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:

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.

Impairment of Investment and Financial Assets

The Group follows the guidance of FRS 36 and FRS 39 in determining when an investment or financial assets is other-than-temporary impaired. This assessment requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4 PROPERTY, PLANT AND EQUIPMENT

Group

	Valuation		Cost			Total
	Freehold Property	Furniture and fittings	Office equipment	Renovation	Renovation in progress	
2015	S\$	S\$	S\$	S\$	S\$	S\$
At beginning of year	7,800,000	812,136	1,086,264	1,088,310	26,053	10,812,763
Additions	-	155,571	127,672	491,197	-	774,440
Reclassification	-	-	-	26,053	(26,053)	-
Disposals	-	(187,854)	(304,205)	(265,021)	-	(757,080)
At end of year	7,800,000	779,853	909,731	1,340,539	-	10,830,123
Accumulated Depreciation:						
At beginning of year	92,856	556,546	780,949	720,866	-	2,151,217
Depreciation	557,143	117,618	169,084	133,751	-	977,596
Disposals	-	(187,854)	(303,942)	(265,021)	-	(756,817)
At end of year	649,999	486,310	646,091	589,596	-	2,371,996
Carrying Amount						
At end of year	7,150,001	293,543	263,640	750,943	-	8,458,127

Group

2014	Valuation	Cost				
	Freehold Property	Furniture and fittings	Office equipment	Renovation	Renovation in progress	Total
Cost/Valuation	S\$	S\$	S\$	S\$	S\$	S\$
At beginning of year	4,000,000	720,223	881,183	1,073,743	-	6,675,149
Additions	-	91,913	222,981	14,567	26,053	355,514
Reversal of depreciation on revaluation	(500,000)	-	-	-	-	(500,000)
Revaluation gain (Note 13)	4,300,000	-	-	-	-	4,300,000
Disposals	-	-	(17,900)	-	-	(17,900)
At end of year	7,800,000	812,136	1,086,264	1,088,310	26,053	10,812,763
Accumulated Depreciation						
At beginning of year	291,666	451,302	656,500	579,630	-	1,979,098
Reversal of depreciation on revaluation	(500,000)	-	-	-	-	(500,000)
Depreciation	301,190	105,244	140,980	141,236	-	688,650
Disposals	-	-	(16,531)	-	-	(16,531)
At end of year	92,856	556,546	780,949	720,866	-	2,151,217
Carrying Amount						
At end of year	7,707,144	255,590	305,315	367,444	26,053	8,661,546

4 PROPERTY, PLANT AND EQUIPMENT - cont'd**Company**

	Valuation		Cost			
	Freehold Property	Furniture and fittings	Office equipment	Renovation	Renovation in progress	Total
2015	S\$	S\$	S\$	S\$	S\$	S\$
At beginning of year	7,800,000	456,375	457,369	799,729	26,053	9,539,526
Additions	-	129,565	87,425	487,697	-	704,687
Reclassification	-	-	-	26,053	(26,053)	-
Disposals	-	-	(22,999)	-	-	(22,999)
At end of year	7,800,000	585,940	521,795	1,313,479	-	10,221,214
Accumulated Depreciation:						
At beginning of year	92,856	259,989	235,320	445,021	-	1,033,186
Depreciation	557,143	77,103	113,228	128,689	-	876,163
Disposals	-	-	(22,736)	-	-	(22,736)
At end of year	649,999	337,092	325,812	573,710	-	1,886,613
Carrying Amount						
At end of year	7,150,001	248,848	195,983	739,769	-	8,334,601

Company - cont'd

2014	Valuation	Cost				Total
	Freehold Property	Furniture and fittings	Office equipment	Renovation	Renovation in progress	
Cost/Valuation	S\$	S\$	S\$	S\$	S\$	S\$
At beginning of year	4,000,000	391,911	300,094	785,162	-	5,477,167
Additions	-	64,464	172,275	14,567	26,053	277,359
Reversal of depreciation on revaluation	(500,000)	-	-	-	-	(500,000)
Revaluation gain (Note 13)	4,300,000	-	-	-	-	4,300,000
Disposals	-	-	(15,000)	-	-	(15,000)
At end of year	7,800,000	456,375	457,369	799,729	26,053	9,539,526
Accumulated Depreciation						
At beginning of year	291,666	198,807	170,337	308,497	-	969,307
Reversal of depreciation on revaluation	(500,000)	-	-	-	-	(500,000)
Depreciation	301,190	61,182	79,983	136,524	-	578,879
Disposals	-	-	(15,000)	-	-	(15,000)
At end of year	92,856	259,989	235,320	445,021	-	1,033,186
Carrying Amount						
At end of year	7,707,144	196,386	222,049	354,708	26,053	8,506,340

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 Robert Khan and Co. Pte Ltd for the year ended 30 June 2014. The valuation report dated 12 May 2014 indicated a market value of S\$7,800,000 as at 6 May 2014. The market value was derived based on an open market value on an existing use basis.

The carrying amount of freehold property would have been S\$3,208,333 (2014: S\$3,458,333) had the freehold property been carried at cost less accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment of the Group and Company includes an amount of S\$38,248 (2014: S\$83,214) in respect of office equipment held under finance lease.

5 INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 S\$	2014 S\$
Unquoted equity shares, at cost	500,000	500,000
Less: Allowance for impairment		
Balance at beginning and 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	
			2015 %	2014 %	2015 S\$	2014 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 LLP, Singapore

6 AVAILABLE- FOR- SALE FINANCIAL ASSETS

	Group and Company	
	2015 S\$	2014 S\$
Unquoted equity shares, at cost	24,000	24,000
Less: Allowance for impairment		
Balance at beginning and end of year	(23,999)	(23,999)
	1	1

The available-for-sale financial assets is in respect of GEMA Holdings Limited, a company incorporated in Singapore. There is no active market for the investments in unquoted shares of GEMA. As such, it is not practicable to determine with sufficient reliability the fair values of the investment; hence it is stated at cost. The management does not anticipate that the carrying amount of the above investment in unquoted shares will be significantly in excess of the fair values.

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Trade receivables	116,320	117,458	18,000	28,447
Less: Allowance for impairment				
Balance at beginning of year	17,378	17,378	-	-
Allowance written off	(17,378)	-	-	-
Balance at end of year	-	17,378	-	-
	116,320	100,080	18,000	28,447
Amount due from PPIS (Note 28)	1,780,542	758,343	-	-
	1,896,862	858,423	18,000	28,447
Amount due from subsidiaries - non trade	-	-	3,121,401	2,909,336
Less: Allowance for impairment				
Balance at beginning of year	-	-	1,376,809	927,483
Allowance for the year (Note 16)	-	-	94,494	449,326
Balance at end of year	-	-	1,471,303	1,376,809
	-	-	1,650,098	1,532,527
Deposits, prepayments and other receivables (Note 8)	1,556,793	1,303,635	1,339,146	1,124,697
	3,453,655	2,162,058	3,007,244	2,685,671

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.

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\$1,896,862 (2014: S\$858,423).

	Gross	Impairment losses	Gross	Impairment losses
	2015 S\$	2015 S\$	2014 S\$	2014 S\$
Not past due	467,427	-	439,616	-
Past due 0 - 30 days	428,660	-	142,875	-
Past due 31 - 60 days	17,592	-	259,811	-
Past due 61 - 90 days	406,387	-	1,627	-
More than 90 days	576,796	-	31,872	17,378
	1,896,862	-	875,801	17,378

Company

Trade receivables are non-interest bearing and are generally on a 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\$18,000 (2014: S\$28,447).

	Gross	Impairment losses	Gross	Impairment losses
	2015	2015	2014	2014
	S\$	S\$	S\$	S\$
Not past due	2,924	-	12,122	-
Past due 0 - 30 days	4,253	-	7,527	-
Past due 31 - 60 days	10,820	-	7,231	-
Past due 61 - 90 days	3	-	1,567	-
	18,000	-	28,447	-

Based on historical default rates, the Group and the Company believe that no impairment allowance is necessary in respect of trade receivables past due up to 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	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Government matching grant (Note 15)	800,000	650,000	800,000	650,000
MBMF grant	294,000	196,000	294,000	196,000
Deposits	113,311	101,939	63,123	62,990
Prepayments	216,863	140,395	53,663	2,625
Sundry receivables	132,619	215,301	128,360	213,082
	1,556,793	1,303,635	1,339,146	1,124,697

9 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Cash at bank and in hand	2,868,016	2,879,394	1,988,300	1,025,090
Fixed deposits	1,875,541	1,868,973	1,866,622	1,860,054
	4,743,557	4,748,367	3,854,922	2,885,144

Fixed deposits have an average maturity of 5 to 8 months (2014: 5 to 19 months) from the end of the financial year, which can be withdrawn on demand, with the weighted average effective interest rates of 0.647% (2014: 0.666%) and 0.647% (2014: 0.666%) for the Group and the Company respectively.

10 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Trade payables	138,438	68,337	43,376	55,317
Amount due to PPIS - trade (Note 28)	1,320,591	1,213,212	-	-
Amount due to PPIS - non-trade (Note 28)	413,452	369,438	-	-
Amount due to subsidiaries - non-trade	-	-	3,207,218	2,465,522
Accrued operating expenses	1,387,708	1,160,376	412,900	380,811
Other payables	13,172	8,757	13,172	5,412
Deposits received	472,799	416,465	366,032	301,547
Deferred income	424,614	298,646	376,404	243,778
GST payables	100,726	56,572	-	-
	4,271,500	3,591,803	4,419,102	3,452,387
Amount due to Madrasah Aljunied *				
Balance at beginning of year	69,545	69,638	69,545	69,638
Add: Receipts during the year	327,309	331,602	327,309	331,602
Less: Administrative expenses	(6,971)	(17,922)	(6,971)	(17,922)
Management fees	(38,441)	(37,641)	(38,441)	(37,641)
Disbursement during the year	(281,219)	(276,132)	(281,219)	(276,132)
	678	(93)	678	(93)
Balance at end of year	70,223	69,545	70,223	69,545
Amount due to Abdul Gafoor Mosque **				
Balance at beginning of year	18,588	27,893	18,588	27,893
Add: Receipts during the year	19,133	19,262	19,133	19,262
Less: Administrative expenses	(289)	(295)	(289)	(295)
Management fees	(377)	(379)	(377)	(379)
Disbursement during the year	(27,851)	(27,893)	(27,851)	(27,893)
	(9,384)	(9,305)	(9,384)	(9,305)
Balance at end of year	9,204	18,588	9,204	18,588
Amount due to Kimse Yokmu (ASRIT project) ***				
Balance at beginning of year	5,678	-	5,678	-
Add: Receipts during the year	70,010	255,359	70,010	255,359
Less: Administrative expenses	(1,000)	(267)	(1,000)	(267)
Disbursement during the year	(74,488)	(249,414)	(74,488)	(249,414)
	(5,478)	5,678	(5,478)	5,678
Balance at end of year	200	5,678	200	5,678
	4,351,127	3,685,614	4,498,729	3,546,198

Trade payables are non-interest bearing. Trade and other payables are normally settled on 30 to 60 days' terms.

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\$839,067 (2014: S\$576,572) and S\$221,940 (2014: S\$211,134) for the Group and Company respectively.

* The Company provides the Madrasah Aljunied Al-Islamiah ("MAJ"), a committee constituted and authorised by Majlis Ugama Islam Singapura ("the Majlis"), with management assistance to raise funds for the Madrasah Aljunied Education and Administration Fund.

** 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 Abdul Gafoor Mosque.

*** The Company raised funds for the Syrian refugees aided by Kim Se Yokmu, a registered Aid Agency in Turkey. The amounts received during the year represent only those that are collected by the Company.

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

11 DEFERRED TAXATION

	Group	
	2015 S\$	2014 S\$
Balance at beginning of the year	105,448	78,342
Charged to statement of comprehensive income (Note 20)	16,857	27,106
Balance at end of the year	122,305	105,448

12 OBLIGATION UNDER FINANCE LEASE

The Group and the Company has obligations under finance lease for certain items of property, plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

Group and Company

	2015 S\$	2015 S\$	2014 S\$	2014 S\$
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Within 1 year	33,165	31,263	46,363	43,408
After 1 year but within 5 years	7,333	6,985	40,498	38,248
Total minimum lease payments	40,498	38,248	86,861	81,656
Less: Finance Charges	(2,250)	-	(5,205)	-
Present value of minimum lease payments	38,248	38,248	81,656	81,656

- (a) The average lease term is 3 years. For the year ended 30 June 2015, the average effective borrowing rate was 4.90% (2014: 5.42%) 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	
	2015 S\$	2014 S\$
At beginning of year	5,498,034	1,198,034
Revaluation gain	-	4,300,000
At end of year	5,498,034	5,498,034

14 RESTRICTED FUNDS

(a) Fund movement

Group and Company

	Dedicated Centre for Marriages & Divorces (DDC)*	Ready For School Fund**	Total
	Operation Grant	Donations	
	S\$	S\$	S\$
2015			
Balance at beginning of the year	3,327	43,977	47,304
Incoming resources	275,407	445,676	721,083
Transfer from Unrestricted Fund	284,409	96,929	381,338
Expenditure	(556,984)	(302,125)	(859,109)
Balance at end of the year	6,159	284,457	290,616
2014			
Balance at beginning of the year	-	20,552	20,552
Incoming resources	273,077	213,440	486,517
Transfer from Unrestricted Fund	279,649	83,633	363,282
Expenditure	(549,399)	(273,648)	(823,047)
Balance at end of the year	3,327	43,977	47,304

(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 Social and Family Development (MSF).

** 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	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Donations*	2,350,045	1,907,731	2,350,045	1,907,731
Government matching grant**	950,000	800,000	950,000	800,000
MBMF grant	665,601	649,480	665,601	649,480
Other grants	601,483	475,634	601,483	475,634
Childcare centre fees and subsidies	2,917,072	2,721,095	2,917,072	2,346,788
Management fees – PPIS (Note 28)	4,465,438	3,087,505	-	-
Pre-school centre fees	762,772	650,460	-	-
Tuition and enrichment service centres	925,786	408,634	-	-
Student care fees and subsidies	2,768,638	2,659,558	2,768,638	2,314,544
Research income	143	352	-	-
Training and education projects	59,919	41,619	59,919	41,619
Convention/Anniversary income	-	90	-	90
Social action programmes	720,259	623,554	720,259	623,554
	17,187,156	14,025,712	11,033,017	9,159,440

* Included in donations is zakat contribution amounting to S\$961,761 (2014: S\$806,112).

** The government matching grant is capped at S\$800,000 (2014: S\$800,000). Included in government matching grant is the Company's share of a government matching grant for community self-help organisations of S\$950,000 (2014: S\$650,000) which relates to the donations received during the year ended 30 June 2015. The S\$150,000 in excess of the capped amount relates to the grant received for last year's claim.

16 EXPENDITURE

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Social action programme - (Al-Hijrah)	1,715,206	1,366,563	1,758,078	1,440,557
Fund raising projects	331,533	275,590	331,533	275,590
Contributions for community projects	57,648	37,200	57,648	37,200
Research	143,015	385,511	115,000	120,000
Pre-school centres	637,970	594,354	-	-
Childcare centres	2,206,721	1,780,352	-	-
Student care centres	3,314,931	2,435,364	-	-
Adult education and training	186,584	171,843	186,584	171,843
Tuition and enrichment centres	35,374	390,638	-	-
Corporate services	243,344	227,402	217,094	176,904
Management information systems	262,583	236,192	262,583	236,192
Management fees (Note 23)	-	-	5,685,845	4,661,363
Cost of services - PPIS (Note 28)	3,605,513	2,446,753	-	-
Human resource/volunteer management	289,729	309,917	289,729	309,917
General administrative expenditure and overheads	4,094,341	3,647,979	2,087,221	1,887,796
Impairment loss of subsidiary receivables*	-	-	94,494	449,326
	17,124,492	14,305,658	11,085,809	9,766,688

The above expenditure includes the following:

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Bad debts **	-	17,706	-	-
Depreciation	977,598	688,650	876,165	578,879
Loss on disposal of property, plant and equipment	-	869	262	-
Staff costs (Note 18)	7,931,467	7,206,015	2,449,871	2,316,233
Zakat	35,000	24,030	-	-

* The impairment loss of subsidiary receivables for the year is in respect of the RIMA (Note 7).

** Included in bad debts is NIL (2014: S\$11,557) written off due to loss of monies at Bedok West Primary student care centre.

17 OTHER INCOME

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Corporate service fees (Note 23)	-	-	25,500	33,000
Gain on disposal of business unit *	-	70,000	-	-
Gain on disposal of plant and equipment	-	500	-	500
Government grants	354,244	171,187	-	-
Rental income (Note 23)	-	-	198,418	271,171
Internal audit (Note 23)	-	-	18,750	18,750
Miscellaneous income	48,373	101,979	16,003	13,616
	402,617	343,666	258,671	337,037

* For the year ended 30 June 2014, the Woodlands Learning Centre was taken over by a third party. The amount of S\$70,000 is the gain on disposal of the business unit.

18 STAFF COSTS

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Staff salaries and related costs	6,967,032	6,319,956	2,125,292	2,026,763
Defined contribution pension costs	964,435	886,059	324,579	289,470
	7,931,467	7,206,015	2,449,871	2,316,233
Included in staff costs are remunerations of key management	1,158,118	1,342,744	993,569	896,110

The number of key management personnel whose remuneration is within the S\$100,001 to S\$150,000 band is two (2014: one). Key management personnel comprise the Executive Director and the direct reporting senior officers.

19 FINANCIAL EXPENSES

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Bank charges	13,170	9,670	4,542	3,267
Finance lease interest	2,956	2,658	2,956	2,658
	16,126	12,328	7,498	5,925

20 TAXATION

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 2014 to 9 October 2018.

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.

Group

Major components of income tax expense are as follows:

	Group	
	2015 S\$	2014 S\$
Current year taxation	-	-
Deferred taxation (Note 11)	(16,857)	(27,106)
	(16,857)	(27,106)

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

	Group	
	2015 S\$	2014 S\$
Profit before taxation	461,263	63,952
Tax expense on profit before tax at 17%	78,415	10,872
Tax effect of expenses not deductible for tax purposes	17,244	21,444
Tax effect of income not deductible for tax purposes	(7,292)	(10,470)
Utilisation of capital allowance	(53,383)	(54,041)
Unutilised of tax losses	16,864	63,747
Deferred taxation	(16,857)	(27,106)
Tax exemption	(51,848)	(31,552)
Tax expense	(16,857)	(27,106)

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	
	2015 S\$	2014 S\$
Unutilised tax losses	211,969	252,787

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. 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 2014 to 9 October 2018. Qualifying donors are granted 2.5 times tax deduction for the donations made to the Company.

In conjunction with SG50, the Government has decided to increase the tax deduction for qualifying donations from 2.5 to 3.0 times of the amount of donation made in 2015. The 3.0 times deduction for donations made from 1 January 2015 to 31 December 2015 (both dates inclusive) will be allowed to all existing qualifying donors (i.e. individuals, companies, trusts, bodies of persons, Hindu joint family).

During the financial year, the Company issued tax-exempt receipts for donations collected amounting to S\$1,100,021 (2014: S\$775,764).

22 OPERATING LEASE COMMITMENTS

Rental expenses (principally for office premises and office equipment) for the Group for the year ended 30 June 2015 were S\$701,541 (2014: S\$569,182). 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	
	2015 S\$	2014 S\$
Payable:		
Within 1 year	241,537	313,185
After 1 year but within 5 years	58,397	141,794
	299,934	454,979

23 **SIGNIFICANT 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 staffs shall abstain from participating in the discussion, decision making and voting on the matters.

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:

	Company	
	2015 S\$	2014 S\$
Income		
Corporate service fees from subsidiaries (Note 17)	25,500	33,000
Rental income from a subsidiary (Note 17)	198,418	271,170
Internal audit (Note 17)	18,750	18,750
Share of expenses	116,446	124,058
Expenses		
Fee subsidies	41,542	78,394
Management fees to a subsidiary (Note 16) *	5,685,845	4,661,363
Research fees to a subsidiary	115,000	120,000
Innovation grant	1,331	-

Balance with related parties at the statement of financial position date are set out in Notes 7 and 10.

Compensation to key management personnel are disclosed in Note 18.

* Management fees to Mercu Learning Point Pte Ltd ("Mercu") 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\$1,436,272 (2014: S\$1,335,461).

25 FUND RAISING AND SPONSORSHIP EXPENSES

The Company's total fund raising and sponsorship expenses was S\$331,533 (2014: S\$275,659) which is less than 30% of the total gross receipts from fund raising and sponsorships of S\$2,350,045 (2014: S\$2,163,090) 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 statement of financial position relate to the following categories of financial assets and financial liabilities:

Group

	2015 S\$	2014 S\$
Financial assets		
Loans and receivables:		
Trade and other receivables	3,236,792	2,021,663
Cash and cash equivalents	4,743,557	4,748,367
	7,980,349	6,770,030
Financial liabilities		
Financial liabilities measured at amortised cost:		
Obligations under finance leases	38,248	81,656
Trade and other payables	3,926,513	3,476,230
	3,964,761	3,557,886

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 statement of financial position 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).

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	Less than 1 year	2 to 5 years	Total
	S\$	S\$	S\$	S\$
2015				
Assets				
Cash and cash equivalents	-	1,875,541	-	1,875,541
Obligation under finance lease	-	(31,263)	(6,985)	(38,248)
	-	1,844,278	(6,985)	1,837,293
2014				
Assets				
Cash and cash equivalents	-	1,868,973	-	1,868,973
Obligation under finance lease	-	(43,408)	(38,248)	(81,656)
	-	1,825,565	(38,248)	1,787,317

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.

	Group Statement of Comprehensive Income
	S\$
2015	
Cash and cash equivalents	18,755
Obligations under finance leases	(382)
	18,373
2014	
Cash and cash equivalents	18,690
Obligations under finance leases	(817)
	17,873

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.

2015	Within 1 year	Within 2 to 5 years	More than 5 years	Total
	S\$	S\$	S\$	S\$
Financial assets				
Trade and other receivables	3,236,792	-	-	3,236,792
Cash and cash equivalents	4,743,557	-	-	4,743,557
Total undiscounted financial assets	7,980,349	-	-	7,980,349
Financial liabilities				
Obligations under finance leases	31,263	6,985	-	38,248
Trade and other payables	3,926,513	-	-	3,926,513
Total undiscounted financial liabilities	3,957,776	6,985	-	3,964,761
Total net undiscounted financial assets/(liabilities)	4,022,573	(6,985)	-	4,015,588
2014	Within 1 year	Within 2 to 5 years	More than 5 years	Total
	S\$	S\$	S\$	S\$
Financial assets				
Trade and other receivables	2,021,663	-	-	2,021,663
Cash and cash equivalents	4,748,367	-	-	4,748,367
Total undiscounted financial assets	6,770,030	-	-	6,770,030
Financial liabilities				
Obligations under finance leases	43,408	38,248	-	81,656
Trade and other payables	3,476,230	-	-	3,476,230
Total undiscounted financial liabilities	3,519,638	38,248	-	3,557,886
Total net undiscounted financial assets/(liabilities)	3,250,392	(38,248)	-	3,212,144

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 2014 and 30 June 2015.

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.

The Group will continue to be guided by prudent financial policies of which gearing is an important aspects. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Net debts	-	-	682,055	742,710
Total equity	12,388,270	11,910,150	10,909,792	10,699,303
Total capital	12,388,270	11,910,150	11,591,847	11,442,013
Gearing ratio	-	-	0.06	0.06

The Group and the Company do not have any externally imposed capital requirements for the financial years ended 30 June 2014 and 30 June 2015.

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 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 COMMITMENTS

During the financial year ended 30 June 2014, Mercu entered into an agreement with Persatuan Pemudi Islam Singapura ("PPIS"), whereby Mercu will manage all of PPIS's child development centres with effect from 1 October 2013 for a period of 2 years. Under the terms of the agreement, all income and expenses related to the operations of the centres will be borne by Mercu. These include the finance operations, human resource, business and curriculum management.

PPIS is entitled to a share of the profit as follows:

- (i) 30% of annual net profit before the indirect cost of the child development centres if the annual net profit is below S\$380,000.
- (ii) 50% of annual net profit before the indirect cost of the child development centres if the annual net profit is at or above S\$380,000.

PPIS is not liable to bear or share any losses of the child development centres.

PPIS's child development centres revenue, expenses and its corresponding share of profit as at 30 June are as follows:

	2015 S\$	2014 S\$
Revenue (Note 15)	4,465,438	3,087,505
Cost of sales (Note 16)	(4,192,013)	(2,808,284)
Indirect cost (Note 16)	114,840	82,852
Share of profit due to PPIS (Note 16)	471,659	278,678
Profit	859,924	640,751
Profit apportionment:		
Company	388,265	362,072
PPIS	471,659	278,679
	859,924	640,751

	Profit apportionment for the year	Prior year profit recorded	Closing profit recorded for the year
	S\$	S\$	S\$
Profit apportionment 30 June 2015			
Company	429,962	(41,697)	388,265
PPIS	429,962	41,697	471,659
	859,924	-	859,924

Balances with PPIS at the statement of financial position date are set out in Notes 7 and 10.

SHAPING
OUR
SHARED
FUTURE

The theme for the AMP Annual Report this year is **Shaping Our Shared Future**. It reflects AMP's commitment to building and shaping the future it shares with the community through its programmes and services. AMP shares the community's vision of a better tomorrow – one that is bright and full of opportunities for all members of the Malay/Muslim community in Singapore.



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