

*Committee's Statement and
Audited Financial Statements*

BW Monastery

(Unique Entity No. T02SS0119L)

For the year ended 31 December 2020

BW Monastery
(Unique Entity No. T02SS0119L)

General Information

Management Committees

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

Independent Auditor

HLB Atrede LLP

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BW Monastery
(Unique Entity No. T02SS0119L)

Statement by the Management Committee

We, Tan Gek Lian and Chia Sze Tong, being two board members of the Board of BW Monastery (the “Society”), do hereby state that, in the opinion of the Management Committee,

- (a) the accompanying financial statements are drawn up in accordance with the Societies Act, Chapter 311 (the “Societies Act”) and the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs), so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2020 and the results, changes in funds and cash flows of the Society for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

On behalf of the Management Committee,



Tan Gek Lian
President



Chia Sze Tong
Honorary Treasurer

Singapore

24 MAR 2021

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BW Monastery (the "Society"), which comprise the balance sheet as at 31 December 2020, and the statement of comprehensive income, statement of changes in funds and cash flow statement for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects the state of affair of the Society as at 31 December 2020 and the result, changes in funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Committees for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required to be kept by the Society has been properly kept in accordance with the provisions of the Societies Regulation enacted under the Societies Act, the Charities Act and the Regulations; and
- (b) the Fund-raising appeals held during the reporting year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under Societies Act and proper accounts and other records have been kept by the Fund-raising appeal.

A handwritten signature in blue ink, appearing to be 'J. Atrede'.

HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
24 MAR 2021

BW Monastery
(Unique Entity No. T02SS0119L)

Balance Sheet as at 31 December 2020

	Note	2020 \$	2019 \$
Non-current assets			
Properties, plant and equipment	4	21,989,227	22,867,615
Right-of-use assets	5	26,728	347,466
		22,015,955	23,215,081
Current assets			
Other receivables	6	242,274	120,812
Fixed deposits	7	1,527,450	1,500,000
Cash and cash equivalents	8	4,981,668	3,940,682
		6,751,392	5,561,494
Current liabilities			
Other payables	9	95,862	255,037
Lease liabilities	11	27,214	323,360
		123,076	578,397
Net current assets		6,628,316	4,983,097
Non-current liabilities			
Deferred capital donation	10	19,893,661	20,668,032
Lease liabilities	11	–	27,214
		19,893,661	20,695,246
Net assets		8,750,610	7,502,932
Funds			
<u>Restricted fund</u>			
Building funds	12	1,005,464	1,058,098
<u>Unrestricted fund</u>			
General funds		7,745,146	6,444,834
		8,750,610	7,502,932

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

BW Monastery
(Unique Entity No. T02SS0119L)

Statement of Comprehensive Income for the financial year ended 31 December 2020

	Note	2020 \$	2019 \$
Income	13	3,524,724	4,861,778
Expenditure	14	(3,678,025)	(4,307,936)
Other operating income	15	631,164	128,206
Amortisation of deferred capital donation		827,005	853,648
Other charge	16	(844)	-
Finance cost	17	(3,712)	(9,310)
Surplus before tax		<u>1,300,312</u>	<u>1,526,386</u>
Income tax expense	18	-	-
Surplus for the year		<u>1,300,312</u>	<u>1,526,386</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>1,300,312</u></u>	<u><u>1,526,386</u></u>

Statement of Changes in Funds
Year ended 31 December 2020

	Building funds \$	General fund \$	Total \$
Balance as 1 January 2019	1,161,570	4,918,448	6,080,018
Total comprehensive income for the year	-	1,526,386	1,526,386
Transferred to deferred capital donation	(103,472)	-	(103,472)
Balance at 31 December 2019	1,058,098	6,444,834	7,502,932
Total comprehensive income for the year	-	1,300,312	1,300,312
Transferred to deferred capital donation	(52,634)	-	(52,634)
Balance at 31 December 2020	<u><u>1,005,464</u></u>	<u><u>7,745,146</u></u>	<u><u>8,750,610</u></u>

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

BW Monastery
(Unique Entity No. T02SS0119L)

Cash Flow Statement for the financial year ended 31 December 2020

	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	1,300,312	1,526,386
Adjustments for:		
Depreciation – properties, plant and equipment	994,684	1,002,785
Depreciation – right-of-use assets	320,738	313,870
Amortisation of deferred capital donation	(827,005)	(853,648)
Interest income	(27,450)	–
Interest expense	3,712	9,310
Plant and equipment written off	844	–
Surplus before working capital changes	<u>1,765,835</u>	<u>1,998,703</u>
Increase in other receivables	(121,462)	(5,976)
(Decrease)/increase in other payables	(159,175)	61,828
Cash generated from operation	<u>1,485,198</u>	<u>2,054,555</u>
Interest paid	(3,712)	(9,310)
Interest received	27,450	–
Net cash flows from operating activities	<u>1,508,936</u>	<u>2,045,245</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of properties, plant and equipment	(117,140)	(1,462,825)
Placement of fixed deposits	(27,450)	(1,500,000)
Net cash flows used in investing activities	<u>(144,590)</u>	<u>(2,962,825)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Principal repayment of lease liabilities (Note 11)	(323,360)	(310,762)
Net cash flows used in financing activity	<u>(323,360)</u>	<u>(310,762)</u>
Net increase/(decrease) in cash and cash equivalents	1,040,986	(1,228,342)
Cash and cash equivalents at beginning of year	3,940,682	5,169,024
Cash and cash equivalents at end of year	<u>4,981,668</u>	<u>3,940,682</u>

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

Note to the Financial Statement – 31 December 2020

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

1. GENERAL

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

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

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

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

The accounting policies adopted are consistent with those used in the previous financial year except in current financial year; the Society has adopted all applicable new and amended standards that are relevant to its operations and effective for the current financial year. The adoption of these standards did not have any material effect on the financial position or performance of the Society for the current or prior financial years.

The following standards and interpretations are effective for the annual period beginning on or after 1 January 2020:

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

Note to the Financial Statement – 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Amendments to FRS 1 and FRS 8: *Definition of Material*

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Society.

Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the Accounting Standards Council Singapore (ASC) in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Society.

Standards issued but not yet effective

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

	Effective date (Annual periods beginning on or after)
Amendment to FRS 116: <i>Covid-19-Related Rent Concession</i>	1 June 2020
Amendments to FRS109, FRS 39, FRS 107, FRS104, FRS 116: <i>Interest rate benchmark reform- phase 2</i>	1 January 2021
Amendments to FRS 16: <i>Property, Plant and Equipment</i> <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to FRS 37: <i>Onerous Contracts</i> <i>Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to FRSs 2018 – 2020 – FRS 109: <i>Financial Instruments Illustrative Examples</i> <i>accompanying FRS 116 Leases</i>	1 January 2022
Amendment to FRS 1: <i>Classification of Liabilities as Current</i> <i>or Non-current</i>	1 January 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Standards issued but not yet effective (continued)

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

Amendments to FRS 116: Covid-19 Related Rent Concessions

On 28 May 2020, the ASC issued *Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases*.

The amendments provide relief to lessees from applying FRS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under FRS 116, if the change were not a lease modification.

(b) *Properties, plant and equipment*

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

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

Freehold properties	–	50 years
Temple building	–	27 years
Leasehold property	–	54 years
Furniture and fitting	–	3 years
Motor vehicle	–	5 years
Office equipment	–	3 years
Renovation	–	3 years
System software	–	3 years

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The residual value, useful life and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

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

(c) *Financial instruments*

(i) *Financial assets*

Initial recognition and measurement

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

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL fair-are expensed in profit or loss.

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

Subsequent measurement

Amortised cost

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Financial instruments (continued)*

(i) *Financial assets (continued)*

Derecognition

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

(ii) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

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

(d) *Impairment of financial assets*

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

Note to the Financial Statement – 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

(e) *Impairment of non-financial assets*

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

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

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

(f) *Cash and cash equivalents*

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

(g) *Other payables*

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

Note to the Financial Statement – 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) *Provisions*

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) *Employee benefits*

(i) *Defined contribution plans*

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

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

(ii) *Employee leave entitlement*

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

(j) *Lease*

The Society assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Leases (continued)*

(i) *As lessee*

The Society applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Society recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

▪ *Right-of-use assets*

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	–	2 - 3 years
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If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

▪ *Lease liabilities*

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating the lease, if the lease term reflects the Society exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

Note to the Financial Statement – 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Leases (continued)*

(i) *As lessee (continued)*

▪ *Lease liabilities (continued)*

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

▪ *Short term and low value leases*

The Society applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(k) *Revenue*

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

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

(i) *Donations and fund raising*

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

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

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

Note to the Financial Statement – 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) *Revenue (continued)*

(ii) *Members' subscriptions*

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

(iii) *Interest income*

Interest income is recognised using the effective interest method.

(iv) *Course fee*

Course fee is recognised over the accounting period in which the services are performed.

(v) *Sales of teaching material*

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

(l) *Taxes*

(i) *Goods and services tax*

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

- Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

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

(m) *Related parties*

A related party is defined as follows:

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

Note to the Financial Statement – 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) *Related parties (continued)*

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

(n) *Grants*

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

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

(o) *Funds structure*

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

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

Note to the Financial Statement – 31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(i) *Judgement made in applying accounting policies*

There were no material judgements made by management in the process of applying the Society's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(ii) *Estimates and assumptions*

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

▪ *Useful lives of properties, plant and equipment*

The cost of properties, plant and equipment is depreciated on a straight-line basis over the properties, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these properties, plant and equipment to be within 3 to 50 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets; therefore, future depreciation charges could be revised. The carrying amount of the properties, plant and equipment at the end of each reporting period is disclosed in Note 4 to the financial statements. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 3.8% (2019: 3.3%) variance in the surplus before tax.

▪ *Leases - estimating the incremental borrowing rate*

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

BW Monastery
(Unique Entity No. T02SS0119L)

Note to the Financial Statement – 31 December 2020

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties \$	Temple building \$	Leasehold property \$	Furniture and fitting \$	Motor vehicle \$	Office equipment \$	Renovation \$	System software \$	Total \$
Cost:									
At 1 January 2019	3,535,473	19,200,971	736,314	377,168	82,545	329,132	188,900	98,955	24,549,458
Additions	1,267,565	103,472	–	7,047	–	44,127	10,066	30,548	1,462,825
At 31 December 2019 and 1 January 2020	4,803,038	19,304,443	736,314	384,215	82,545	373,259	198,966	129,503	26,012,283
Additions	–	4,200	–	1,800	–	64,030	13,010	34,100	117,140
Written off	–	–	–	–	–	(5,594)	(4,455)	–	(10,049)
At 31 December 2020	4,803,038	19,308,643	736,314	386,015	82,545	431,695	207,521	163,603	26,119,374
Accumulated depreciation:									
At 1 January 2019	459,937	1,024,208	7,954	246,352	6,738	253,199	97,346	46,149	2,141,883
Charge for the year	89,723	713,522	13,636	84,575	16,509	41,563	20,101	23,156	1,002,785
At 31 December 2019 and 1 January 2020	549,660	1,737,730	21,590	330,927	23,247	294,762	117,447	69,305	3,144,668
Charge for the year	96,061	714,992	13,635	49,094	16,509	47,258	22,108	35,027	994,684
Written off	–	–	–	–	–	(5,594)	(3,611)	–	(9,205)
At 31 December 2020	645,721	2,452,722	35,225	380,021	39,756	336,426	135,944	104,332	4,130,147
Net carrying amount:									
At 31 December 2019	4,253,378	17,566,713	714,724	53,288	59,298	78,497	81,519	60,198	22,867,615
At 31 December 2020	4,157,317	16,855,921	701,089	5,994	42,789	95,269	71,577	59,271	21,989,227

Property, plant and equipment with net carrying amount of \$19,893,661 (2019: \$20,668,032) were acquired through donation from public.

Note to the Financial Statement – 31 December 2020

5. RIGHT-OF-USE ASSETS

Leases (as a lessee)

	Buildings
	\$
Cost:	
At 1 January 2019	496,497
Additions	164,839
At 31 December 2019	<u>661,336</u>
Additions	–
At 31 December 2020	<u>661,336</u>
Accumulated depreciation:	
At 1 January 2019	–
Charge for the year	313,870
At 31 December 2019	<u>313,870</u>
Charge for the year	320,738
At 31 December 2020	<u>634,608</u>
Net carrying amount:	
At 31 December 2019	<u>347,466</u>
At 31 December 2020	<u>26,728</u>

The Society lease office space and classroom with lease term of 2 to 3 years (2019: 2 to 3 years). The Society's obligation under this lease is secured by the lessor's title to the leased asset. The Society is restricted from assigning and subleasing the leased assets.

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

	2020	2019
	\$	\$
(i) <u>Amounts recognised in profit and loss</u>		
Depreciation expense on right-of-use assets	320,738	313,870
Interest expense on lease liabilities	3,712	9,310
	<u>324,450</u>	<u>323,180</u>
(ii) <u>Lease expense not capitalised in the lease liabilities</u>		
Expense relating to short-term leases	<u>36,500</u>	<u>58,000</u>
(iii) <u>Total cash outflow</u>		

The Society had total cash flow for all the leases of \$363,572 (2019: \$378,072) in 2020.

Note to the Financial Statement – 31 December 2020

6. OTHER RECEIVABLES

	2020	2019
	\$	\$
Deposit	91,158	95,708
Downpayment for purchase of property, plant and equipment	114,842	–
Prepayment	36,274	20,600
Sundry receivable	–	4,504
	<u>242,274</u>	<u>120,812</u>

7. FIXED DEPOSITS

Fixed deposits are placed for the periods of 12 months and earn interest at the respective short-term deposit rates. The effective interest rates of fixed deposits are 0.25% (2019: 1.83%) per annum.

8. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are amounts of \$892,017 (2019: \$1,048,209) which is earmarked for the building fund.

9. OTHER PAYABLES

Accrued liabilities	28,569	229,585
GST payable	5,355	2,418
Provision of unutilised leave	39,165	23,034
Sundry payable	22,773	–
	<u>95,862</u>	<u>255,037</u>

10. DEFERRED CAPITAL DONATION

Cost:

At beginning of year	23,104,639	23,001,167
Addition – transfer from building funds	52,634	103,472
At end of year	<u>23,157,273</u>	<u>23,104,639</u>

Accumulated amortisation:

At beginning of year	2,436,607	1,582,959
Charge for the year	827,005	853,648
At end of year	<u>3,263,612</u>	<u>2,436,607</u>

Net carrying amount	<u>19,893,661</u>	<u>20,668,032</u>
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These amounts represent capital donation received from public for purchase of property, plant and equipment which are amortised over property, plant and equipment useful life.

Note to the Financial Statement – 31 December 2020

11. LEASE LIABILITIES

	2020	2019
	\$	\$
Analysed as:		
Current	27,214	323,360
Non-current	–	27,214
	<u>27,214</u>	<u>350,574</u>
Maturity analysis:		
Year 1	27,256	327,072
Year 2	–	27,256
	<u>27,256</u>	<u>354,328</u>

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

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

	2019	Cash flows	2020
	\$	\$	\$
Lease liabilities	<u>350,574</u>	<u>(323,360)</u>	<u>27,214</u>

12. BUILDING FUNDS

	2020	2019
	\$	\$
Balance at beginning of year	1,058,098	1,161,570
Transferred to deferred capital donation	(52,634)	(103,472)
Balance at end of year	<u>1,005,464</u>	<u>1,058,098</u>

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

13. INCOME

Donations	3,495,952	4,827,038
Members’ subscription fee	572	538
Course fee collected	4,383	14,904
Sales of teaching material	23,817	19,298
	<u>3,524,724</u>	<u>4,861,778</u>

Note to the Financial Statement – 31 December 2020

14. EXPENDITURE

	2020	2019
	\$	\$
Auditor's remuneration	6,500	8,350
Bank charges	37,972	17,877
Depreciation – properties, plant and equipment	994,684	1,002,785
Depreciation – right-of-use assets	320,738	313,870
Floral and fruits	25,586	35,675
Food expenses	72,688	230,879
Foreign workers levy	1,770	4,561
Goodwill gifts	15,147	21,292
Handling and freight charges	11,095	–
Instructor fee	4,047	14,988
Insurance	24,099	17,056
Liberation expenses	–	19,800
Maintenance and repair	160,942	140,348
Medical fee	13,946	6,824
Miscellaneous	124,058	64,996
Offering and Dharma event expenses	103,124	388,894
Postage and stationery	11,703	24,807
Property tax	1,568	2,207
Rental	36,500	58,210
Salaries and other staff related costs	1,502,417	1,652,407
Sangha expenses	970	18,570
Scholarship	2,500	7,500
Special Dharma projects expenses	2,915	10,881
Staff training and course fee	–	7,102
Tailoring, design and support	475	11,046
Teaching materials	16,742	25,134
Telecommunication	109,775	65,525
Transportation	4,505	9,253
Travelling	202	8,621
Utilities	71,357	118,478
	<u>3,678,025</u>	<u>4,307,936</u>

15. OTHER OPERATING INCOME

Government grants – Special employment credit	20,714	17,527
– Wage credit scheme	102,173	38,717
– Job support scheme	340,741	–
GST adjustment	39,342	16,233
GST refund	–	40,170
Interest income	27,450	–
Rental income	–	4,477
Rental waiver and property tax rebate	98,024	–
Sundry income	2,720	11,082
	<u>631,164</u>	<u>128,206</u>

Note to the Financial Statement – 31 December 2020

16. OTHER CHARGE

	2020	2019
	\$	\$
Plant and equipment written off	<u>844</u>	<u>–</u>

17. FINANCE COST

Interest expense on lease liabilities	<u>3,712</u>	<u>9,310</u>
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18. INCOME TAX EXPENSE

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

19. EMPLOYEE BENEFITS

Salaries and bonuses	1,331,714	1,457,951
Central provident fund contributions	<u>167,161</u>	<u>190,543</u>
	<u>1,498,875</u>	<u>1,648,494</u>

20. CAPITAL COMMITMENTS

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

Renovation under construction	<u>138,934</u>	<u>–</u>
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21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

22. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting period by FRS 109 categories:

	2020	2019
	\$	\$
<i>Financial assets at amortised cost</i>		
Other receivables	91,158	100,212
Fixed deposits	1,527,450	1,500,000
Cash and cash equivalents	<u>4,981,668</u>	<u>3,940,682</u>
	<u>6,600,276</u>	<u>5,540,894</u>

Note to the Financial Statement – 31 December 2020

22. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (continued)

	2020	2019
	\$	\$
<i>Financial liabilities at amortised cost</i>		
Other payables	<u>56,697</u>	<u>232,003</u>

23. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of an asset or a liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

24. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2020 were authorised for issue by the management committee on 24 MAR 2021.