

MASJID MAAROF

(Registered in Singapore)

(Registration no: T16MQ0001B)

Audited Financial Statements for the financial year ended
31 December 2022

AKBER ALI & CO.

Public Accountants and Chartered Accountants

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MASJID MAAROF
STATEMENT BY THE MOSQUE MANAGEMENT BOARD
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

In our opinion, the accompanying financial statements are properly drawn up so as to present fairly in all material respects, the true and fair view of the state of affairs of MASJID MAAROF as at 31 December 2022 and of the results, changes in funds and cash flows of the Mosque for the financial year ended on that date. As at the date of this statement, there are reasonable grounds to believe that the Mosque will be able to pay its debts as and when they are due.

Signed on behalf of the Mosque Management Board:



Ahmad Ridwan Bin Alwi
Chairman



Muhammad Ashraf Bin Yusoff Subri
Treasurer

Singapore
7 JUN 2023



**INDEPENDENT AUDITOR'S REPORT TO THE
MOSQUE MANAGEMENT BOARD OF
MASJID MAAROF
(Registration no: T16MQ0001B)**

Opinion

We have audited the financial statements of MASJID MAAROF ("Mosque"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of Summary of Significant Accounting Policies.

In our opinion, the accompanying financial statements of the Mosque are properly drawn up in accordance with the provisions of the Administration of Muslim Law Act (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Mosque as at 31 December 2022 and the results, changes in funds and cash flows of the Mosque 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 Mosque 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.

Responsibilities of Mosque Management Board and Those Charged with Governance for the Financial Statements

The Mosque Management Board is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Act and FRSs for such internal control as the Mosque Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Mosque Management Board is responsible for assessing the Mosque'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 the Mosque Management Board either intends to liquidate the Mosque or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Mosque's financial reporting process.

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

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**INDEPENDENT AUDITOR'S REPORT TO THE
MOSQUE MANAGEMENT BOARD OF
MASJID MAAROF
(Registration no: T16MQ0001B)**

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Auditors' 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 skepticism 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 Mosque'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 Mosque Management Board'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 a significant doubt on the Mosque'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 Mosque 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 those charged with governance, 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 the audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Mosque have been properly kept in accordance with the provisions of the Act.

AKBER ALI & CO
Public Accountants and Chartered Accountants

Singapore
7 JUN 2023

MASJID MAAROF

Statement of Comprehensive Income for the year ended 31 December 2022

	<u>Note</u>	<u>2022</u> \$	<u>2021</u> \$
Income			
Chest Collections		1,285,691	661,037
Commission		19,003	7,638
Donations		464,945	360,236
Fees		114,104	469,498
Sales		7,493	62,087
Rental Income		5,863	-
Other Income		150,499	118,776
Total Income	5	2,047,598	1,679,272
Less: Expenditure			
Supplies		122,350	90,546
Manpower Expenses	6	1,510,907	1,648,415
Administration Expenses	7	200,604	131,401
Advertising and promotions		140	547
Repairs and Maintenance		91,722	94,498
Other Operating Expenses	8	145,086	70,687
Total Expenditure		(2,070,809)	(2,036,094)
Net expenditure before depreciation and impairment loss		(23,211)	(356,822)
Impairment loss on fees receivables		14,943	20,160
Depreciation of property, plant and equipment	9	75,458	236,377
		<u>(90,401)</u>	<u>(256,537)</u>
Net expenditure for the financial year		(113,612)	(613,359)
Other comprehensive income		-	-
Total comprehensive loss for the financial year		<u>(113,612)</u>	<u>(613,359)</u>

The annexed notes form an integral part of the audited financial statements.

MASJID MAAROF

Statement of Financial Position as at 31 December 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		\$	\$
NON-CURRENT ASSET			
Plant and equipment	9	104,998	112,276
CURRENT ASSETS			
Cash and cash equivalents	10	3,510,773	3,826,782
Fees receivables	11	13,070	25,747
Sundry receivables	12	105,047	41,584
		<u>3,628,890</u>	<u>3,894,113</u>
LESS: CURRENT LIABILITIES			
Contract liabilities	5(b)	17,195	94,084
Sundry payables	13	207,449	289,449
		<u>224,644</u>	<u>383,533</u>
NET ASSETS		<u>3,509,244</u>	<u>3,622,856</u>
FUNDS			
Unrestricted Fund			
General fund	14	2,404,228	2,579,797
Restricted Fund			
Mosque upgrading fund	14	1,031,271	1,031,271
Social Welfare Fund		71,938	-
Staff fund		1,807	11,788
TOTAL FUNDS	14	<u>3,509,244</u>	<u>3,622,856</u>

The annexed notes form an integral part of the audited financial statements.

MASJID MAAROF

Statement of Changes in Funds for the year ended 31 December 2022

	Staff Funds	Building Funds	Social Welfare Funds	Accumulated Funds	Total
	\$	\$	\$	\$	\$
Balance as at 01 January 2021	16,248	1,031,271	-	3,188,696	4,236,215
Total comprehensive deficit for the financial year	-	-	-	(613,359)	(613,359)
Movements during the year	(4,460)	-	-	4,460	-
Balance as at 31 December 2021	11,788	1,031,271	-	2,579,797	3,622,856
Total comprehensive deficit for the financial year	-	-	-	(113,612)	(113,612)
Movements during the year	(9,981)	-	71,938	(61,957)	-
Balance as at 31 December 2022	1,807	1,031,271	71,938	2,404,228	3,509,244

The annexed notes form an integral part of the audited financial statements.

MASJID MAAROF

Statement of Cash Flows for the year ended 31 December 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the financial year	(113,612)	(613,359)
Adjustments for:		
Depreciation of property, plant and equipment	75,458	236,377
Operating cash flows before working capital changes	(38,154)	(376,982)
Working capital changes:		
Fees receivables	12,677	13,329
Sundry receivables	(63,463)	70,982
Contract liabilities	(76,889)	46,083
Sundry payables	(82,000)	(38,201)
	(209,675)	92,193
Net cash used in operating activities	(247,829)	(284,789)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(68,180)	(53,924)
Net cash used in investing activities	(68,180)	(53,924)
Net decrease in cash and cash equivalents	(316,009)	(338,713)
Cash and cash equivalents at the beginning of the financial year	3,826,782	4,165,495
Cash and cash equivalents at the end of the financial year	<u>3,510,773</u>	<u>3,826,782</u>
Comprising:		
Cash on hand	2,000	2,000
Cash at bank	3,508,773	3,824,782
	<u>3,510,773</u>	<u>3,826,782</u>

The annexed notes form an integral part of the audited financial statements.

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

1. General

MASJID MAAROF (the “Mosque”) is administered by and forms part of Majlis Ugama Islam Singapura (the “Majlis”) which is governed by the Administration of the Muslim Law Act, Chapter 3.

The Mosque is situated at 20 Jurong West Street 26 Singapore 648125 and is a communal gathering place for Muslims.

The principal activities of the Mosque are those of promoting religious, social and educational activities amongst the local Muslim public.

The financial statements reflect the operating activities of the Mosque only and do not include the land and building (excluding building improvements) on which the Mosque stands. Land and building are vested with the Majlis and they are included in the financial statements of the Majlis.

2. Summary of Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Mosque have been drawn up in accordance with the provisions of Administration of Muslim Act (the Act) and the Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (“SGD”), which is the Mosque’s functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest one dollar, unless otherwise indicated.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Mosque has adopted all the new and amended standards which are relevant to the Mosque and are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Mosque.

2. Summary of Significant Accounting Policies – continued

2.3 Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

The Mosque Management Board expect that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.

The following are new / revised / amendments to FRSs issued by the Accounting Standards Council of Singapore up to 31 December 2022 which are effective for annual reporting periods beginning after 1 January 2022:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 116 Leases: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to FRS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Mosque and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Chest collections and donations

Income from chest collections and donations are taken up in the financial statements as income on receipt basis.

The Mosque derives a substantial proportion of its income from voluntary donations. Due to the nature of these donations, the Mosque cannot provide accounting controls over contributions prior to the initial entry in the accounting records.

Madrasah fees

Income from madrasah fees are taken up in the financial statements on an accrual basis.

2. Summary of Significant Accounting Policies - continued

2.4 Revenue recognition – continued

Grants

Grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant related to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant relates to an asset, the fair value is deducted in arriving at the carrying amount of the related asset.

Sale of goods

For sale of goods to the customer, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's location (delivery). Following delivery, the customer has full discretion over the manner of use of the items, distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Mosque when the goods are delivered to the customer as this represents the point of time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2.5 Employee Benefits

Defined contribution plan

The Mosque makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Mosque has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.6 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment comprises its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration costs is incurred as a consequence of acquiring or using the property, plant and equipment.

2. Summary of Significant Accounting Policies - continued

2.6 Property, Plant and Equipment - continued

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Number of Years</u>
Furniture and Fittings	5 years
Office Equipment	3 years
Renovation	5 years
Computers	3 years

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

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

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

2.7 Impairment of Non-Financial Assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

2. Summary of Significant Accounting Policies - continued

2.7 Impairment of Non-Financial Assets - continued

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances which are subject to an insignificant risk of change in value.

2.9 Financial Instruments

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Mosque's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Mosque only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at 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 the amortisation process.

2. **Summary of Significant Accounting Policies - continued**

2.9 **Financial Instruments – continued**

(a) **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.

(b) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Mosque becomes a party to the contractual provisions of the financial instrument. The Mosque 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 derecognised 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.

2.10 **Impairment of Financial Assets**

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

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

2. Summary of Significant Accounting Policies - continued

2.10 Impairment of Financial Assets - continued

Financial assets carried at amortised cost - continued

For trade receivables, the Mosque applies a simplified approach in calculating ECLs. Therefore, the Mosque does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Mosque 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 Mosque considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Mosque may also consider a financial asset to be in default when internal or external information indicates that the Mosque is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Mosque. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Mosque and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2.12 Provisions

General

Provisions are recognised when the Mosque has a present obligation (legal or constructive) as a result of a past event, 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.

2.13 Leases

The Mosque 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.

2. Summary of Significant Accounting Policies - continued

2.13 Leases - continued

As Lessee

The Mosque applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Mosque 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 Mosque 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.

If ownership of the leased asset transfers to the Mosque 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.

The accounting policy for impairment is disclosed in Note 2.7.

Lease Liabilities

At the commencement date of the lease, the Mosque 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 Mosque and payments of penalties for terminating the lease, if the lease term reflects the Mosque 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.

In calculating the present value of lease payments, the Mosque uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 Leases and Leases of Low-Value Assets

The Mosque applies the short-term lease recognition exemption to its short-term leases of machinery (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.

2. Summary of Significant Accounting Policies - continued

2.14 Related party

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Mosque if that person:
 - (i) Has control or joint control over the Mosque;
 - (ii) Has significant influence over the Mosque; or
 - (iii) Is a member of the key management personnel of the Mosque or of parent of the Mosque.
- b) An entity is related to the Mosque if any of the following conditions applies:
 - (i) The entity and the Mosque are members of the same Mosque (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 Mosque 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 Mosque or an entity related to the Mosque. If the Mosque is itself such a plan, the sponsoring employers are also related to the Mosque;
 - (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).

3. Significant accounting judgments and estimates

The preparation of the Mosque's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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.

Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Mosque, judgment is used by the Mosque to determine the currency of the primary economic environment in which the Mosque operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3. Significant accounting judgments and estimates - continued

Key sources of estimating uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Mosque based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Mosque. Such changes are reflected in the assumptions when they occur.

Useful life of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Mosque 's property, plant and equipment as at 31 December 2022 was \$104,998 (2021: \$112,276).

4. Income Tax

The Majlis is exempt from income tax under Section 13(1)(e) of the Income Tax Act as the Mosque is vested in and administered by the Majlis, which is also exempt from such income tax.

5. Revenue

	<u>2022</u>	<u>2021</u>
	\$	\$
(a) Disaggregation of revenue		
<u>Revenue from:</u>		
Chest Collections	1,285,691	661,037
Commission	19,003	7,638
Donations	464,945	360,236
Fees	114,104	469,498
Sales	7,493	62,087
Rental Income	5,863	-
Other Income	150,499	118,776
	<u>2,047,598</u>	<u>1,679,272</u>
<u>Timing of transfer of good</u>		
At a point of time	1,933,494	1,209,774
Over time	114,104	469,498
	<u>2,047,598</u>	<u>1,679,272</u>

5. Revenue – continued

(b) Contract liabilities

Amounts received in advance for Madrasah, and other fees for course enrollment

17,195	94,084
--------	--------

(c) Income recognised in relation to contract liabilities

Revenue recognised in current period that was included in contract liabilities balance at the beginning of the year.

94,084	48,001
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The contract liabilities relate to the fees received in advance for the unsatisfied performance obligation in for classes to be conducted. Revenue will be recognized when the events are held and services rendered over the course period.

There are no refund liabilities that have arisen in the current and the prior year. No disclosure has been made for transaction price allocated to unsatisfied or partially unsatisfied performance obligations as at 31 December 2022 and 31 December 2021 as there are none.

6. Manpower expenses

	<u>2022</u>	<u>2021</u>
	\$	\$
Staff salaries and bonus	1,164,401	1,187,094
Benefits	10,526	10,454
CPF and SDL	182,709	189,514
Allowance	109,024	184,065
Insurance	12,933	11,523
Medical fees	837	779
Training	8,809	18,442
Sponsorship	-	308
Manpower services	-	46,236
PEL Package	21,668	-
	<u>1,510,907</u>	<u>1,648,415</u>

7. Administration expenses

	<u>2022</u>	<u>2021</u>
	\$	\$
Printing and stationeries	3,393	5,189
Postage & courier services	120	6,022
Bank charges	3,092	5,194
Professional fees	19,823	16,968
Software & IT services	25,027	30,498
Insurance (Public Liability)	3,385	5,258
Transportation	13,620	4,531
Utilities	131,210	56,843
License fees	898	898
Fines & Penalties	36	-
	<u>200,604</u>	<u>131,401</u>

8. Other operating expenses

	<u>2022</u>	<u>2021</u>
	\$	\$
Assets < \$1000	12,682	5,427
Events & Excursions	24,954	2,888
Disbursements	45,228	28,038
GST expenses	28,159	16,956
Rental	24,591	6,468
Services	8,396	10,171
Others	1,076	739
	<u>145,086</u>	<u>70,687</u>

9. Property, plant and equipment

A separate schedule is enclosed on page 28.

10. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
	\$	\$
Cash on hand	2,000	2,000
Cash at bank	3,508,773	3,824,782
	<u>3,510,773</u>	<u>3,826,782</u>

11. Fees receivables

	<u>2022</u>	<u>2021</u>
	\$	\$
Fees receivables	68,348	83,500
Less: Allowance for impairment	<u>(55,278)</u>	<u>(57,753)</u>
	<u>13,070</u>	<u>25,747</u>

Fees receivables that are impaired

The Mosque's fee receivables that were impaired at the reporting date and the movements of the allowance accounts used to record the impairment were as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Movements in allowance for impairment		
At beginning of the financial year	57,753	65,043
Allowance made	15,200	10,417
Allowance written off	<u>(17,675)</u>	<u>(17,707)</u>
At end of financial year	<u>55,278</u>	<u>57,753</u>

12. Sundry receivables

	<u>2022</u>	<u>2021</u>
	\$	\$
Deposits	24,010	8,632
Other receivables	67,225	24,592
Prepayments	11,942	5,619
Employee advances	<u>1,870</u>	<u>2,741</u>
	<u>105,047</u>	<u>41,584</u>

13. Sundry payables

	<u>2022</u>	<u>2021</u>
	\$	\$
Accruals	36,321	79,224
Other payables	146,733	180,950
Other payables - Fidyah	22,105	28,235
Other payables - Financial assistance	1,040	1,040
Other payables - WMC	<u>1,250</u>	<u>-</u>
	<u>207,449</u>	<u>289,449</u>

The objective of the Fidyah scheme is to provide financial assistance by issuing food supplies to the poor the needy Muslims subject to their satisfying certain conditions under the scheme administered by the Mosque.

14. Fund account

Unrestricted fund (General fund)

This is an unrestricted fund available for use by the Mosque for the promotion of its religious, social and educational activities amongst the local Muslim public. General fund are expendable at the discretion of the Mosque Management Board in furtherance of the Mosque's objectives.

Restricted fund

Mosque upgrading funds

Mosque upgrading fund is a restricted fund derived from individual donations and special chest collections allocated for the re-structuring of the Mosque's building. During the financial year, the management approved the transfer of the Mosque upgrading funds to the General fund. This was because the construction of the Mosque was completed.

Social welfare fund

The Social Welfare Fund which is known as Tabung Rahmah was created for those who are in need. The Mosque will identify families who need financial assistance and extend help.

15. Financial Risk Management

The Mosque's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Mosque Management Board reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Mosque's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Mosque's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Mosque's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Mosque. The Mosque has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Mosque performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Mosque has adopted a policy of only dealing with creditworthy counterparties. The Mosque performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Mosque considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

15. Financial Risk Management – continued

Credit risk – continued

The Mosque has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days or there is significant difficulty of the counterparty

To minimise credit risk, the Mosque has developed and maintained the Mosque's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Mosque's own trading records to rate its major customers and other debtors. The Mosque considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Mosque and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Mosque determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Mosque categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Mosque's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The Mosque has no current credit risk grading framework at beginning and end of the financial period.

15. Financial Risk Management – continued

Credit risk – continued

The table below details the credit quality of the Mosque's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				\$	\$	\$
31 December 2022						
Trade receivables	12	Note 1	Lifetime ECL (simplified)	68,348	(55,278)	13,070
Other receivables (excl' prepayments and advances)	13	Note 2	12-month ECL	91,235	-	91,235
				<u>159,583</u>	<u>(55,278)</u>	<u>104,305</u>
31 December 2021						
Trade receivables	12	Note 1	Lifetime ECL (simplified)	83,500	(57,753)	25,747
Other receivables (excl' prepayments and advances)	13	Note 2	12-month ECL	33,224	-	33,224
				<u>116,724</u>	<u>(57,753)</u>	<u>58,971</u>

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Mosque's performance to developments affecting a particular industry.

Exposure to credit risk

The Mosque has no significant concentration of credit risk debtors. The Mosque has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Fees receivables (Note 1)

The Mosque assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Mosque measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Liquidity risk

Liquidity risk refers to the risk that the Mosque will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Mosque's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Mosque's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Mosque's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Mosque.

15. Financial Risk Management – continued

Liquidity risk– continued

Financial assets			
Cash and cash equivalents	3,510,773	3,510,773	3,510,773
Fees receivables	13,070	13,070	13,070
Sundry receivables (excluding prepayments and advances)	91,235	91,235	91,235
Total undiscounted financial assets	3,615,078	3,615,078	3,615,078
Financial liability			
Sundry payables	207,449	207,449	207,449
Total undiscounted financial liability	(207,449)	(207,449)	(207,449)
Total net undiscounted financial assets	3,407,629	3,407,629	3,407,629
	Carrying Amount	Contractual Cash Flows	One Year or Less
	\$	\$	\$
2021			
Financial assets			
Cash and cash equivalents	3,826,782	3,826,782	3,826,782
Fees receivables	25,747	25,747	25,747
Sundry receivables (excluding prepayments and advances)	33,224	33,224	33,224
Total undiscounted financial assets	3,885,753	3,885,753	3,885,753
Financial liability			
Sundry payables	289,449	289,449	289,449
Total undiscounted financial liability	(289,449)	(289,449)	(289,449)
Total net undiscounted financial assets	3,596,304	3,596,304	3,596,304

15. Financial Risk Management – continued

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Mosque's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Mosque's financial instruments will fluctuate because of changes in market interest rates. The Mosque's exposure to interest rate risk arises primarily from their bank balances.

The Mosque does not expect any significant effect on the Mosque's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial period.

ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Mosque is not exposed to foreign exchange risk arising from foreign currency exposures.

16. Assets and liabilities not measured at fair value

Cash and bank balances, fees and other receivable and sundry payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

17. Financial instruments by category

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Financial assets measured at amortised cost		
Cash and cash equivalents	3,510,773	3,826,782
Fees receivables	13,070	25,747
Other receivables (excl' prepayments and advances)	91,235	33,224
Total financial assets measured at amortised cost	<u>3,615,078</u>	<u>3,885,753</u>
Financial liability measured at amortised cost		
Other payables	207,449	289,449
Total financial liability measured at amortised cost	<u>207,449</u>	<u>289,449</u>

18. Mosque financial reserve ratio

Management monitors the financial status of the Mosque by reviewing the Mosque Financial Reserve Ratio (MFRR). It is the operating reserve ratio and measures the number of months a mosque can sustain with its existing accumulated funds without earning any income.

MFRR is calculated as cash plus investments plus deposit less liabilities and divided by previous year's monthly average expenses. Mosques with MFRR of less than 6 are required to monitor their income and expenditure closely and take actions to maintain the MFRR to a minimum ratio of 6.

	<u>2022</u>	<u>2021</u>
	\$	\$
Cash + Investments + Deposits - Liabilities	3,286,129	3,443,249
Previous year average monthly expenses (excl. bad debts and depreciation)	169,675	158,360
MFRR	<u>19.37</u>	<u>21.74</u>

19. Authorisation of Financial Statements for Issue

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Mosque Management Board of the Mosque issued on the date of the Mosque Management Boards' statement.

MASJID MAAROF
PLANT AND EQUIPMENT (NOTE 9) SCHEDULE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Furniture & Fittings	Office Equipment	Computers	Renovation	Total
	\$	\$	\$	\$	\$
Cost					
At 31 December 2020	1,369,102	809,673	79,078	104,180	2,362,033
Additions	3,355	31,470	13,299	5,800	53,924
Disposals	-	(23,740)	-	-	(23,740)
At 31 December 2021	1,372,457	817,403	92,377	109,980	2,392,217
Additions	7,515	37,833	12,007	10,825	68,180
Written off	-	(140,401)	-	-	(140,401)
At 31 December 2022	1,379,972	714,835	104,384	120,805	2,319,996
Accumulated Depreciation					
At 31 December 2020	1,161,465	767,523	67,475	70,841	2,067,304
Charge for the financial year	170,356	35,401	10,033	20,587	236,377
Disposals	-	(23,740)	-	-	(23,740)
At 31 December 2021	1,331,821	779,184	77,508	91,428	2,279,941
Charge for the financial year	24,425	27,849	9,107	14,077	75,458
Written off	-	(140,401)	-	-	(140,401)
At 31 December 2022	1,356,246	666,632	86,615	105,505	2,214,998
Carrying Value					
At 31 December 2022	23,726	48,203	17,769	15,300	104,998
At 31 December 2021	40,636	38,219	14,869	18,552	112,276