

Mosque-Madrasah-Wakaf Shared Services

Financial Statements
For the financial year ended 31 December 2022



Mosque-Madrasah-Wakaf Shared Services

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Mosque-Madrasah-Wakaf Shared Services

Statement by the Management Committee

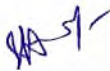
In our opinion,

- (i) the accompanying financial statements are properly drawn up in accordance with the provisions of the Administration of Muslim Law Act (the "Act") and Singapore Financial Reporting Standards for Small Entities ("SFRS SE") so as to give a true and fair view of the financial position of Mosque-Madrasah-Wakaf Shared Services (the "Shared Services") as at 31 December 2022 and of the financial performance, changes in funds and cash flows of the Shared Services for the financial year then ended;
- (ii) the receipts, expenditure, investment of moneys and acquisition and disposal of assets by the Shared Services during the year are in accordance with the provisions of the Act;
- (iii) the accounting and other records including records of all assets of the Shared Services whether purchased, donated or otherwise have been properly kept in accordance with the provisions of the Act; and
- (iv) at the date of this statement, there are reasonable grounds to believe that the Shared Services will be able to pay its debts as and when they fall due.

On behalf of the Management Committee



Kadir Maideen
Chairman



Munir Hussain
Member

Singapore
31 May 2023

Mosque-Madrasah-Wakaf Shared Services

**Independent auditor's report
For the financial year ended 31 December 2022**

Independent auditor's report to Majlis Ugama Islam Singapura (MUIS) on Mosque-Madrasah-Wakaf Shared Services

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Mosque-Madrasah-Wakaf Shared Services (the "Shared Services"), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Shared Services are properly drawn up in accordance with the provisions of the Administration of Muslim Law Act (the "Act") and Singapore Financial Reporting Standards for Small Entities ("SFRS SE") so as to give a true and fair view of the financial position of the Shared Services as at 31 December 2022 and the financial performance, changes in funds and cash flows of the Shared Services 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 Shared Services 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 opinion.

Other information

The Management Committee ("MC") is responsible for the other information. The other information comprises the Statement by the Management Committee set out on page 1.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

Mosque-Madrasah-Wakaf Shared Services

Independent auditor's report For the financial year ended 31 December 2022

Independent auditor's report to Majlis Ugama Islam Singapura (MUIS) on Mosque-Madrasah-Wakaf Shared Services

Management Committee's responsibilities for the financial statements

The MC is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS SE, 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, the MC is responsible for assessing the Shared Services' 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 MC either intends to liquidate the Shared Services or to cease operations, or has no realistic alternative but to do so.

The MC's responsibilities include overseeing the Shared Services' 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.

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 Shared Services' internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the MC;

Mosque-Madrasah-Wakaf Shared Services

**Independent auditor's report
For the financial year ended 31 December 2022**

Independent auditor's report to Majlis Ugama Islam Singapura (MUIS) on Mosque-Madrasah-Wakaf Shared Services

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of MC'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 Shared Services' 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 Shared Services to cease to continue as a going concern; and
- 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 MC 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.

Report on other legal and regulatory requirements

Opinion

In our opinion:

- (a) the receipts, expenditure and investment of monies and the acquisition and disposals of assets by the Shared Services during the year are, in all material aspects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept including records of all assets of the Shared Services whether purchased, donated or otherwise.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Compliance Audit section of our report. We are independent of the Shared Services in accordance with the 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 on the Shared Services' compliance.

Mosque-Madrasah-Wakaf Shared Services

**Independent auditor's report
For the financial year ended 31 December 2022**

Independent auditor's report to Majlis Ugama Islam Singapura (MUIS) on Mosque-Madrasah-Wakaf Shared Services

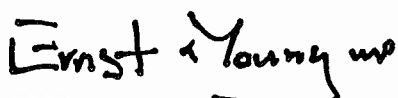
Responsibilities of the MC for compliance with legal and regulatory requirements

The MC is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as the MC determines are necessary to enable compliance with the provisions of the Act.

Auditor's responsibilities for the compliance audit

Our responsibility is to express an opinion on the MC's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets arising, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

31 May 2023

Mosque-Madrasah-Wakaf Shared Services

Statement of comprehensive income
For the financial year ended 31 December 2022

	Note	Unrestricted Funds			Restricted	Total funds
		General fund	Program fund	Total unrestricted funds	IT development fund	
		\$	\$	\$	\$	\$
2022						
INCOME						
Finance and accounting services		488,000	—	488,000	—	488,000
Human resource, payroll and IT services		142,286	—	142,286	—	142,286
Marketing and communications services		14,166	—	14,166	—	14,166
Corporate services		733,347	—	733,347	—	733,347
Disbursements		2,418,657	3,060,698	5,479,355	1,279,376	6,758,731
Total income		3,796,456	3,060,698	6,857,154	1,279,376	8,136,530
Less: EXPENDITURE						
Administration expenses		514,898	345,642	860,540	113,141	973,681
Depreciation	5	115,723	—	115,723	—	115,723
Manpower		2,895,960	422,894	3,318,854	—	3,318,854
Repairs and maintenance		444,252	98,064	542,316	1,059,387	1,601,703
Supplies		52,102	1,749,056	1,801,158	59,986	1,861,144
Total expenditure		4,022,935	2,615,656	6,638,591	1,232,514	7,871,105
(DEFICIT)/SURPLUS FOR THE YEAR BEFORE TAX						
Less: Income tax	4	(226,479)	445,042	218,563	46,862	265,425
NET (DEFICIT)/SURPLUS FOR THE YEAR		(226,479)	445,042	218,563	46,862	265,425

Mosque-Madrasah-Wakaf Shared Services

Statement of comprehensive income
For the financial year ended 31 December 2022

	Note	Unrestricted Funds		Restricted	Total funds
		General fund	Program fund	IT development fund	
		\$	\$	\$	\$
2021					
INCOME					
Finance and accounting services		488,700	—	—	488,700
Human resource, payroll and IT services		86,560	—	—	86,560
Marketing and communications services		12,412	—	—	12,412
Corporate services		316,642	—	—	316,642
Disbursements		2,017,126	2,467,400	970,008	5,454,534
Total income		2,921,440	2,467,400	970,008	6,358,848
Less: EXPENDITURE					
Administration expenses		435,097	256,362	52,831	744,290
Depreciation	5	39,894	—	—	39,894
Manpower		1,961,561	388,630	—	2,350,191
Repairs and maintenance		579,870	23,776	562,660	1,166,306
Supplies		21,956	1,340,700	—	1,362,656
Total expenditure		3,038,378	2,009,468	615,491	5,663,337
(DEFICIT)/SURPLUS FOR THE YEAR BEFORE TAX		(116,938)	457,932	354,517	695,511
Less: Income tax	4	—	—	—	—
NET (DEFICIT)/SURPLUS FOR THE YEAR		(116,938)	457,932	354,517	695,511

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

Mosque-Madrasah-Wakaf Shared Services

Statement of financial position As at 31 December 2022

	Note	2022 \$	2021 \$
ASSETS			
Non-current assets			
Plant and equipment	5	356,513	296,456
Other receivables	6	57,570	58,480
		<u>414,083</u>	<u>354,936</u>
Current assets			
Trade and other receivables	6	2,887,953	2,102,396
Cash and cash equivalents	7	9,807,122	5,151,035
		<u>12,695,075</u>	<u>7,253,431</u>
Total assets		<u>13,109,158</u>	<u>7,608,367</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	6,044,564	3,549,087
Total liabilities		<u>6,044,564</u>	<u>3,549,087</u>
Net current assets		<u>6,650,511</u>	<u>3,704,344</u>
Net assets		<u>7,064,594</u>	<u>4,059,280</u>
FUNDS			
Unrestricted			
Program fund		55,447	65,402
General fund		3,528,739	3,263,314
		<u>3,584,186</u>	<u>3,328,716</u>
Restricted			
IT development fund	9	3,480,408	730,564
Total funds		<u>7,064,594</u>	<u>4,059,280</u>
Total liabilities and funds		<u>13,109,158</u>	<u>7,608,367</u>

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

Mosque-Madrasah-Wakaf Shared Services

Statement of changes in funds
As at 31 December 2022

	Note	Unrestricted funds			Restricted	Total funds
		General fund	Program fund	Total unrestricted funds	IT development fund	
		\$	\$	\$	\$	\$
Balance as at 1 January 2021		2,567,803	112,742	2,680,545	1,538,572	4,219,117
Net (deficit)/surplus for the year		(116,938)	457,932	340,994	354,517	695,511
Funds received	9	–	180,000	180,000	186,000	366,000
Transfers	9	812,449	(457,932)	354,517	(354,517)	–
Utilisation of fund	9	–	(227,340)	(227,340)	(994,008)	(1,221,348)
Balance as at 31 December 2021 and 1 January 2022		3,263,314	65,402	3,328,716	730,564	4,059,280
Net (deficit)/surplus for the year		(226,479)	445,042	218,563	46,862	265,425
Funds received	9	–	199,300	199,300	3,975,775	4,175,075
Transfers	9	491,904	(445,042)	46,862	(46,862)	–
Utilisation of fund	9	–	(209,255)	(209,255)	(1,225,931)	(1,435,186)
Balance as at 31 December 2022		3,528,739	55,447	3,584,186	3,480,408	7,064,594

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

Mosque-Madrasah-Wakaf Shared Services

Statement of cash flows For the financial year ended 31 December 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Net surplus for the year		265,425	695,511
Adjustments for:			
Depreciation of plant and equipment	5	115,723	39,894
Utilisation of funds		(1,435,186)	(1,221,348)
Funds received		4,175,075	366,000
Net cash flows before changes in working capital		3,121,037	(119,943)
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(784,647)	222,762
Increase in trade and other payables		2,495,477	795,733
Net cash flows generated from operating activities		4,831,867	898,552
Cash flow from investing activity			
Purchase of plant and equipment, representing net cash flows used in investing activity	5	(175,780)	(301,955)
Net increase in cash and cash equivalents		4,656,087	596,597
Cash and cash equivalents at beginning of the financial year		5,151,035	4,554,438
Cash and cash equivalents at end of the financial year	7	9,807,122	5,151,035

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

Mosque-Madrasah-Wakaf Shared Services

Notes to the financial statements For the financial year ended 31 December 2022

1. General information

The Mosque-Madrasah-Wakaf Shared Services (the "Shared Services") was formed as a Management Committee ("MC") under Majlis Ugama Islam Singapura (the "Majlis") which is governed by the Administration of Muslim Law Act, Chapter 3. The registered and principal place of business is located at 20 Joo Chiat Road #04-01 Singapore 427357.

The principal activity of the Shared Services is to provide support to the Majlis in the administration of its vested entities (mosques, madrasah and wakaf) to achieve good governance and standards.

These financial statements were approved by the MC on the date of the Statement by the Management Committee.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements are prepared in accordance with the provisions of the Administration of Muslim Law Act (the "Act") and Singapore Financial Reporting Standards for Small Entities ("SFRS SE") issued by the Accounting Standard Council.

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" or "\$"), except when otherwise indicated.

2.2 *Changes in accounting policies*

The Shared Services has adopted all the new and revised SFRS SEs and Interpretations of SFRS SE ("INT SFRS SE") that are relevant to its operations. The adoption of these new and revised SFRS SEs and INT SFRS SE does not result in changes to the Shared Services' accounting policies and has no material effect on the amounts reported for the current and prior years.

2.3 *Standards issued but not yet effective*

At the date of authorisation of these financial statements, the MC has considered and anticipated that the adoption of the SFRS SEs and amendments to the SFRS SE that were issued but not effective yet will not have a material impact on the financial statements of the Shared Services in the period of their initial adoption.

2.4 *Functional and presentation currency*

The financial statements are expressed in Singapore Dollars (\$), which is the Shared Services' functional and presentation currency.

Mosque-Madrasah-Wakaf Shared Services

Notes to the financial statements For the financial year ended 31 December 2022

2. Summary of significant accounting policies (cont'd)

2.5 *Plant and equipment*

All items of 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.

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

Computer software	– 5 years
Furniture and fixtures	– 5 years
Office equipment	– 3 years
Renovations	– 5 years

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

The residual values, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Fully depreciated assets still in use are retained in the financial statements.

An item of 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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 *Impairment of non-financial assets*

The Shared Services 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 Shared Services 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 groups 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 of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Mosque-Madrasah-Wakaf Shared Services

Notes to the financial statements For the financial year ended 31 December 2022

2. Summary of significant accounting policies (cont'd)

2.7 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

(b) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

Mosque-Madrasah-Wakaf Shared Services

Notes to the financial statements For the financial year ended 31 December 2022

2. Summary of significant accounting policies (cont'd)

2.7 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

De-recognition

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

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.8 *Impairment of financial assets*

The Shared Services assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

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

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

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

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

Mosque-Madrasah-Wakaf Shared Services

Notes to the financial statements For the financial year ended 31 December 2022

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of financial assets (cont'd)*

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

2.9 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand which are subject to insignificant risk of changes in value.

2.10 *Disbursements*

Disbursements are received from the Government of Singapore and its related agencies.

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

2.11 *Leases – as lessee*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Shared Services. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Shared Services at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring statement of comprehensive income. Assets held under finance leases are included in plant and equipment and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to statement of comprehensive income on a straight-line basis over the term of the relevant lease.

Mosque-Madrasah-Wakaf Shared Services

Notes to the financial statements For the financial year ended 31 December 2022

2. Summary of significant accounting policies (cont'd)

2.12 Provisions

Provisions are recognised when the Shared Services has a present obligation (legal or constructive) as a result of a past event, it is probable that the Shared Services will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.13 Funds

Assets and liabilities of the general and restricted funds are pooled in the statement of financial position.

Income and expenditure for restricted funds are disclosed separately from the general fund in the statement of comprehensive income and Note 9 to the financial statements.

2.14 Related party transactions

Parties are considered to be related to the Shared Services if the Shared Services has the ability, directly or indirectly, to control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Shared Services and the parties are subject to common control. Related parties may be individuals or other entities.

3. Significant accounting judgments and estimates

The preparation of the Shared Services' financial statements requires the MC to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. The MC is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Income tax

The Majlis is exempted from income tax under Section 13(1)(e) of the Income Tax Act (Chapter 134). As the Shared Services is vested in and administered by the Majlis, it is also exempted from such income tax.

Mosque-Madrasah-Wakaf Shared Services

Notes to the financial statements
For the financial year ended 31 December 2022

5. Plant and equipment

	Office equipment	Furniture and fixtures	Computer software	Renovations	Total
	\$	\$	\$	\$	\$
Cost					
At 1 January 2021	194,289	17,871	68,897	298,002	579,059
Additions	92,985	6,979	–	201,991	301,955
Disposals	(89,935)	–	(5,697)	–	(95,632)
At 31 December 2021 and 1 January 2022	197,339	24,850	63,200	499,993	785,382
Additions	102,285	27,062	–	46,433	175,780
Disposals	(9,317)	(2,530)	–	–	(11,847)
At 31 December 2022	290,307	49,382	63,200	546,426	949,315
Accumulated depreciation					
At 1 January 2021	178,555	12,388	66,476	287,245	544,664
Depreciation charge	18,005	3,464	1,781	16,644	39,894
Disposals	(89,935)	–	(5,697)	–	(95,632)
At 31 December 2021 and 1 January 2022	106,625	15,852	62,560	303,889	488,926
Depreciation charge	62,349	8,353	640	44,381	115,723
Disposals	(9,317)	(2,530)	–	–	(11,847)
At 31 December 2022	159,657	21,675	63,200	348,270	592,802
Net carrying amount					
At 31 December 2022	130,650	27,707	–	198,156	356,513
At 31 December 2021	90,714	8,998	640	196,104	296,456

Mosque-Madrasah-Wakaf Shared Services**Notes to the financial statements
For the financial year ended 31 December 2022**

6. Trade and other receivables

	2022	2021
	\$	\$
Trade and other receivables (current):		
Trade receivables		
- Related parties	2,673,843	1,991,471
- Third party	62,576	70,940
Prepayments	151,534	39,985
	<hr/> 2,887,953	<hr/> 2,102,396
Other receivables (non-current):		
Deposits		
- Related parties	54,320	55,920
- Third party	3,250	2,560
	<hr/> 57,570	<hr/> 58,480
Total trade and other receivables	2,945,523	2,160,876
Add: Cash and cash equivalents (Note 7)	9,807,122	5,151,035
Less: Prepayments	(151,534)	(39,985)
Total financial assets at amortised cost	<hr/> <hr/> 12,601,111	<hr/> <hr/> 7,271,926

Trade and other receivables are not secured by any collateral or credit enhancements, do not bear any finance income and are repayable on demand.

7. Cash and cash equivalents

	2022	2021
	\$	\$
Cash on hand	-	1,500
Cash at banks	9,807,122	5,149,535
	<hr/> 9,807,122	<hr/> 5,151,035

Mosque-Madrasah-Wakaf Shared Services

Notes to the financial statements For the financial year ended 31 December 2022

8. Trade and other payables

	2022	2021
	\$	\$
Trade payables		
- Related parties	23,103	22,591
- Third party	575,115	394,310
	<hr/> 598,218	<hr/> 416,901
Other payables		
- Service fees received in advance	250	1,000
- Grants received in advance	442,000	35,000
- Islamic education fund	569,098	532,067
- Progress fund madrasah assistance scheme	155,200	280
- Asatizah training credits	–	89,863
- OurMasjidSG	2,017,070	1,035,635
- OurMadrasahSG	468,296	335,319
- Korban	239,698	–
- Accruals and provisions	1,501,054	1,049,342
- Others	53,680	53,680
	<hr/> 5,446,346	<hr/> 3,132,186
Total financial liabilities at amortised cost	<hr/> <hr/> 6,044,564	<hr/> <hr/> 3,549,087

Trade and other payables and disbursements payable are unsecured, do not bear finance cost, and are to be settled in cash. Trade and other payables are generally on 30 days' terms.

OurMasjidSG and OurMadrasahSG relates to donations collected via the respective portals and held on behalf of the mosque and madrasah sectors. These amounts will be disbursed to the respective mosques and madrasahs upon the Majlis' instructions.

9. Restricted funds

Funds received for specific purposes, which are disclosed separately due to its materiality and there are legal and other restrictions to its distribution or application. As at reporting date, the Shared Services has the following restricted funds:

IT development fund

This fund is for the development and enhancement of systems for the mosques, madrasah and wakaf sectors.

Mosque-Madrasah-Wakaf Shared Services

Notes to the financial statements For the financial year ended 31 December 2022

9. Restricted funds (cont'd)

Movements in restricted funds:

	IT development fund
	\$
2022	
Balance at beginning of the year	730,564
Surplus for the year	46,862
Utilisation of fund	(1,225,931)
Funds received	3,975,775
Transfer to general fund:	
General cost	(35,033)
Surplus	(11,829)
	(46,862)
Balance at end of the year	<u>3,480,408</u>
2021	
Balance at beginning of the year	1,538,572
Surplus for the year	354,517
Utilisation of fund	(994,008)
Funds received	186,000
Transfer to general fund:	
General cost	(18,718)
Surplus	(335,799)
	(354,517)
Balance at end of the year	<u>730,564</u>

Mosque-Madrasah-Wakaf Shared Services

Notes to the financial statements For the financial year ended 31 December 2022

10. Operating lease commitments – as lessee

The Shared Services leases office premise from related parties under non-cancellable operating lease agreements.

The future minimum lease payables under non-cancellable leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	2022	2021
	\$	\$
Not later than one year	217,248	110,640
Later than one year but not later than five years	220,328	338,024
	<u>437,576</u>	<u>448,664</u>

11. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Shared Services and related parties at terms agreed between the parties:

(a) *Transactions with related parties*

	2022	2021
	\$	\$
Disbursements from MUIS	6,743,828	5,454,248
Rental of office premises from MUIS	(215,837)	(153,143)
	<u>6,527,991</u>	<u>5,301,105</u>

(b) *Key management personnel compensation*

The Management Committee members who are the key management personnel of the Majlis did not receive any remuneration from the Shared Services.

12. Comparative information

Certain comparative amounts in the statement of comprehensive income have been reclassified to be consistent with the current year's presentation.

13. Authorisation of financial statements for issue

The financial statements of the Shared Services for the financial year ended 31 December 2022 were authorised for issue by the Management Committee on 31 May 2023.