

**DHARMA DRUM (SINGAPORE)**  
(Unique Entity Number: T04SS0012C)  
(Registered under the Societies Act, Cap.311)

(Incorporated in the Republic of Singapore)

ANNUAL REPORT FOR THE YEAR ENDED  
31 MAY 2018

**LOUISE NEO & COMPANY**  
**Public Accountants and**  
**Chartered Accountants of Singapore**  
Registration no.: T05PF0864K  
1 Fifth Avenue #03-08 Guthrie House Singapore 268802  
Tel: 6274 9495 Fax: 6274 9497  
E-mail: louiseco@singnet.com.sg

## DHARMA DRUM (SINGAPORE)

---

---

### TABLE OF CONTENTS

---

Statement by Management Committee Members	1
Independent Auditor's Report	2 - 4
Statement of Financial Activities	5 - 6
Statement of Financial Position	7
Statement of Changes in Fund	8
Statement of Cash Flow	9
Notes to the Financial Statements	10 - 21

DHARMA DRUM (SINGAPORE)  
Unique Entity Number: T04SS0012C  
(Registered under the Societies Act, Cap.311)

---

### STATEMENT BY MANAGEMENT COMMITTEE MEMBERS

We, the undersigned Management Committee Members, submit this annual report to the members together with the audited financial statements of Dharma Drum (Singapore) (the Society) for the financial year ended 31 May 2018.

#### Management Committee Members

Gan Swee Hwa	- President
Gao Dehui	- Vice President
Victor Leow Khian Ngien	- Secretary
Wong Chin Loon	- Treasurer
Chu Siew Yuen	- Vice Treasurer
Shih Ming Te	- Member
Siow Kong Soon	- Member
Chou Wen Chin	- Member
Yu Hung Jen	- Member
Lin Chang Yuan	- Member

#### Auditors

The auditors, Louise Neo & Company, have expressed willingness to accept the re-appointment.

#### Statement by Management Committee Members

The Management Committee Members of Dharma Drum (Singapore), do hereby state that in our opinion, the accompanying financial statements set out on pages 5 to 21 are drawn up so as to give a true and fair view of the financial position of the Society as at 31 May 2018 and of the financial activities, statement of changes in funds and cash flows of the Society for the year ended on that date.

At the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Committee Members have, on the date of this statement, authorised these financial statements for issue.

On behalf of Management Committee



Gan Swee Hwa  
President



Wong Chin Loon  
Treasurer



Victor Leow Khian Ngien  
Secretary

Singapore, 22 NOV 2018



## LOUISE NEO & COMPANY

Chartered Accountants of Singapore

(Registration No.: T05PF0864K)

1 Fifth Avenue #03-08 Guthrie House Singapore 268802

Tel: 6274 9495 Fax: 6274 9497 Email: louseco@singnet.com.sg

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DHARMA DRUM (SINGAPORE)

#### Report on the Audit of the Financial Statements

##### *Qualified Opinion*

We have audited the accompanying financial statements of **Dharma Drum (Singapore)** (the "Society"), which comprise the statement of financial position as at 31 May 2018, and the statement of financial activities, 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 significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report the accompanying financial statements are properly drawn up in accordance with the provisions of the constitution of the Society, the Charities Act, Cap 37, the Societies Act, Cap 311 and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Society as at 31 May 2018 and of the statement of financial activities, changes in funds and cash flows of the Society for the year ended on that date

##### *Basis of Qualified Opinion*

We were unable to verify whether the unit costs of the inventories were based on historical purchase costs and unable to compare unit costs to supplier invoices to ascertain whether the costing method was according with the accounting policy. Owing to the nature of the Society's records, we were unable to satisfy ourselves as to the valuation of the inventories amounting \$19,275 by other audit procedures.

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 Congregation in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Other Information*

Management committee is responsible for the other information. The other information comprises the Statement by Management Committee Members 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.





## **LOUISE NEO & COMPANY**

Chartered Accountants of Singapore

(Registration No.: T05PF0864K)

1 Fifth Avenue #03-08 Guthrie House Singapore 268802

Tel: 6274 9495 Fax: 6274 9497 Email: louiseco@singnet.com.sg

---

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DHARMA DRUM (SINGAPORE)**

#### *Responsibility of Management Committee for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Constitution of the Society, the Charity Act, Cap 37, the Societies Act, Cap 311, Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

#### *Auditor's Responsibility 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 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



## LOUISE NEO & COMPANY

Chartered Accountants of Singapore

(Registration No.: T05PF0864K)

1 Fifth Avenue #03-08 Guthrie House Singapore 268802

Tel: 6274 9495 Fax: 6274 9497 Email: louseco@singnet.com.sg

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DHARMA DRUM (SINGAPORE)

#### *Auditor's Responsibility for the Audit of the Financial Statements (Continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management committee 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**

In our opinion, the accounting and other records required by the regulations enacted under the Singapore Companies Act (Chapter 50) to be kept by the Society have been properly kept in accordance with those regulations.

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

- (a) the total fund-raising expenses of the Society exceed 30% of the total gross receipts from fund-raising;
- (b) the use of donation money received is not in accordance with the Society's objective.

**LOUISE NEO & COMPANY**  
Public Accountants and  
Chartered Accountants

Singapore, 22 NOV 2018

**DHARMA DRUM (SINGAPORE)****NOTES TO THE FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018**

	2018	2017
	\$	\$
<b>Income</b>		
Income from generated funds		
Voluntary Income - Unrestricted	43,356	118,104
Voluntary Income - Restricted	30,650	187,810
Other Income	5,343	8,269
	79,349	314,183
Income from charitable activities	125,751	186,179
<b>Total Income</b>	205,100	500,362
<b>Expenditures</b>		
Costs of generating funds		
Opening inventories	12,067	13,119
Purchases	(1,927)	8,209
Closing inventories	(19,275)	(12,067)
Costs of goods sold	(9,135)	9,261
Charitable expenses (Page 6)	9,396	52,628
Governance costs (Page 6)	125,027	109,049
Other expenditures (Page 6)	4,099	1,807
	129,387	172,745
<b>Total expenditure</b>	(129,387)	(172,745)
<b>Net Income</b>	75,713	327,617
Gross transfer from accumulated funds to building funds	(30,650)	(187,810)
<b>Net movement in accumulated funds</b>	45,063	139,807

See accompanying notes to the financial statements



**DHARMA DRUM (SINGAPORE)**

**NOTES TO THE FINANCIAL ACTIVITIES (Continued)  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018**

<b><u>Expenditure</u></b>	<b>2018</b> \$	<b>2017</b> \$
<b>Charitable expenses</b>		
Chinese New Year blessing expenses	74	2,432
Donation and gift	700	3,131
Expenses - Da bei chan	-	1,515
Expenses - Di zhang fa hui	-	100
Expenses – Dharma talk	-	687
Expenses - Fosan activities	-	19,178
Expenses - Chan Shan	8,537	16,564
Expenses - Fang Zhang's (Abbott) visit	70	-
Expenses - Shuilu Fahui	15	744
Laundry services	-	728
Transportation	-	6,850
Vesak day expenses	-	35
Youth camp	-	664
	9,396	52,628
<b>Governance costs</b>		
Accounting fee	1,282	-
Audit fee	3,050	2,500
CPF contribution	7,129	5,187
Depreciation of plant and equipment	469	1,829
Electricity and water	72	7,370
Insurance	392	-
Legal fee	-	1,634
License fee	-	1,180
Medical expenses	66	-
Postage	198	453
Printing and stationery	1,084	277
Refreshment	360	-
Rental	30,157	54,156
Rental for portable toilet	-	1,605
Rental of photo copy machine	-	1,155
Salary and bonus	64,719	30,100
Staff amenities	790	-
Subscription fee	55	240
Telephone	682	1,363
Travelling	625	-
Warehouse and relocation	13,897	-
	125,027	109,049
<b>Other expenditures</b>		
Bank charges	356	627
NETS charges	101	163
General expenses	3,642	1,017
	4,099	1,807

See accompanying notes to the financial statements



**DHARMA DRUM (SINGAPORE)****STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	4	<u>376</u>	<u>845</u>
<b>Current assets</b>			
Inventories	5	19,275	12,067
Other receivables	6	36,641	650
Cash at hand and bank balances	7	<u>2,579,015</u>	<u>2,538,010</u>
		<u>2,634,931</u>	<u>2,550,727</u>
<b>TOTAL ASSETS</b>		<u><u>2,635,307</u></u>	<u><u>2,551,572</u></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated funds		992,717	947,654
Building funds	8	<u>1,627,216</u>	<u>1,596,566</u>
		<u>2,619,933</u>	<u>2,544,220</u>
<b>Current liabilities</b>			
Trade and other payables	9	15,374	7,352
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><u>2,635,307</u></u>	<u><u>2,551,572</u></u>

See accompanying notes to the financial statements

DHARMA DRUM (SINGAPORE)

STATEMENT OF CHANGES IN FUNDS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Unrestricted Accumulated Fund \$	Restricted Building Fund \$	Total \$
At 1 June 2016	807,847	1,408,756	2,216,603
Surplus for the year	139,807	187,810	327,617
At 31 May 2017	<u>947,654</u>	<u>1,596,566</u>	<u>2,544,220</u>
At 1 June 2017	947,654	1,596,566	2,544,220
Surplus for the year	45,063	30,650	75,713
At 31 May 2018	<u><u>992,717</u></u>	<u><u>1,627,216</u></u>	<u><u>2,619,933</u></u>

See accompanying notes to the financial statements

**DHARMA DRUM (SINGAPORE)****STATEMENT OF CASH FLOW  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018**

	Note	2018 \$	2017 \$
<b>Cash Flows from Operating Activities:</b>			
Net surplus for the financial year		75,713	327,617
<u>Adjustments for:</u>			
Depreciation of plant and equipment	4	469	1,829
Operating surplus before working capital changes		76,182	329,446
<u>Changes in working capital:</u>			
(Increase)/ decrease in inventories		(7,208)	1,052
(Increase)/ decrease in other receivables		(35,991)	20,572
Increase in trade and other payables		8,022	101
<b>Cash flows generated from operating activities</b>		<u>41,005</u>	<u>351,171</u>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	4	-	(1,128)
<b>Net cash flows used in investing activities</b>		<u>-</u>	<u>(1,128)</u>
<b>Net increase in cash and cash equivalents</b>		41,005	350,043
<b>Cash and cash equivalents at beginning of year</b>		2,538,010	2,187,967
<b>Cash and cash equivalents at end of year</b>	7	<u>2,579,015</u>	<u>2,538,010</u>

See accompanying notes to the financial statements

## DHARMA DRUM (SINGAPORE)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

---

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

#### 1 GENERAL

Dharma Drum (Singapore) ('the Society') is registered under the Societies Act and domiciled in Singapore.

The registered address is located at 146B Paya Lebar Road #06-01 Ace Building Singapore 409017.

The principal activities of the Society are to promote the practice of Zen meditation and promote cultural, ethical and education activities. There have been no significant changes in the nature of these activities during the financial year.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of preparation

The financial statements of the Society have been drawn up in accordance with 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 dollar (\$), which is the Society's functional currency.

##### 2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Society has adopted all the new and revised standards which are relevant to the Society and are effective for annual financial periods beginning on or after 1 June 2017 including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have any material effect on the financial activities or position of the Society.

##### 2.3 Standard issues but not yet effective

The Society has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 109, 115 and 116, the management committees expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, 109 and 116 are described below.

##### FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers and introduces new contract guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.3 Standard issues but not yet effective (Continued)**

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

**2.4 Foreign currency transactions and balances**

Transactions in foreign currencies are measured in the functional currency of the Society 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.

**2.5 Plant and equipment**

All items of plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment.

The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably.

Subsequent to initial recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Society recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

## DHARMA DRUM (SINGAPORE)

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

---

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 2.5 Plant and equipment (Continued)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

Computer and office equipment	3 years
Renovation	3 years

##### 2.6 Impairment of non-financial assets

The Society 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 Society 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.

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.

##### 2.7 Financial instruments

###### (a) Financial assets

###### *Initial recognition and measurement*

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



**DHARMA DRUM (SINGAPORE)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018**

---

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.7 Financial instruments (Continued)**

**(a) Financial assets (Continued)**

*Subsequent measurement*

Loans and receivables

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

Loans and receivables comprise other receivables, and cash at hand and bank balances.

*De-recognition*

A financial asset is de-recognised when 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 has 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 Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at 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 interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables.

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged, 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.

## DHARMA DRUM (SINGAPORE)

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

---

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 2.7 Financial instruments (Continued)

###### (c) Offsetting of financial instruments

A financial asset and financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- (i) currently has a legally enforceable right to set off the recognised amounts; and
- (ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### 2.8 Impairment of financial assets

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

###### *Financial assets carried at amortised cost*

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

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

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

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

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

##### 2.9 Cash at hand and bank balances

Cash at bank balances are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Society's cash management.



## DHARMA DRUM (SINGAPORE)

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

---

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 2.10 Inventories

Inventories are stated at the lower of cost and net realizable value on the basis of first-in, first-out. Cost comprises of cost of purchase and related expenses that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

##### 2.11 Provisions

###### General

Provisions are recognised when the Society 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.

##### 2.12 Employee benefits

###### a) Defined contribution plans

The Society 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.

###### b) Employee leave entitlement

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

##### 2.13 Related parties

A related party is defined as follows:

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

## DHARMA DRUM (SINGAPORE)

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

---

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.13 Related parties (Continued)

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

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

### 2.14 Income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured.

#### (i) Donations

Donations are recognized as revenue as and when upon received of money.

#### (ii) Members' subscription

Members' subscriptions are recognised as revenue as and when subscriptions become due and payable.

#### (iii) Sale of books

Revenue from sale of books is recognised when the Society has delivered the books to the customer and the customer has accepted the books.

### 2.15 Income tax

As a Society, it is exempt from tax on income and gains falling within section 11(1) of the Income Tax Act to the extent that more than half of its gross income is received from voting members. No tax charges have arisen in the Society.

### 2.16 Accumulated fund

The accumulated fund represents the amounts accumulated from the transfer of the net surplus/deficit of each financial year.

### 2.17 Buildings fund

Buildings fund represents the reserve for Society's specific purpose of setting up their own buildings.



### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Society'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.

#### *Judgements made in applying accounting policies*

##### Determination of functional currency

In determining the functional currency of the Society, judgment is used by the Society to determine the currency of the primary economic environment in which the Society 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.

#### *Key sources of estimation 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 Society 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 Society. Such changes are reflected in the assumptions when they occur.

##### a) Useful lives of plant and equipment

The useful life of an item of 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 Society's plant and equipment as at 31 May 2018 was \$376 (2017: \$845) (Note 4).

##### b) Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Society's inventories as at 31 May 2018 was \$19,275 (2017: \$12,067) (Note 5).

##### c) Impairment of loans and receivables

The impairment of other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Society's other receivables as at 31 May 2018 was \$21,850 (2017: \$ 650) (Note 11).

**DHARMA DRUM (SINGAPORE)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018**

**4 PLANT AND EQUIPMENT**

<b>2018</b>	<b>Computer and office equipment \$</b>	<b>Renovation \$</b>	<b>Total \$</b>
<u>At cost:</u>			
At 01.06.17	10,265	-	10,265
At 31.05.18	<u>10,265</u>	<u>-</u>	<u>10,265</u>
<u>Accumulated depreciation:</u>			
At 01.06.17	9,420	-	9,420
Depreciation for the year	469	-	469
At 31.05.18	<u>9,889</u>	<u>-</u>	<u>9,889</u>
<u>Net book value:</u>			
At 31.05.18	<u>376</u>	<u>-</u>	<u>376</u>
<b>2017</b>	<b>Computer and office equipment \$</b>	<b>Renovation \$</b>	<b>Total \$</b>
<u>At cost:</u>			
At 01.06.16	9,137	33,017	42,154
Additions	1,128	-	1,128
Written off	-	(33,017)	(33,017)
At 31.05.17	<u>10,265</u>	<u>-</u>	<u>10,265</u>
<u>Accumulated depreciation:</u>			
At 01.06.16	7,591	33,017	40,608
Depreciation for the year	1,829	-	1,829
Written off	-	(33,017)	(33,017)
At 31.05.17	<u>9,420</u>	<u>-</u>	<u>9,420</u>
<u>Net book value:</u>			
At 31.05.17	<u>845</u>	<u>-</u>	<u>845</u>

**5 INVENTORIES**

	<b>2018 \$</b>	<b>2017 \$</b>
<b>Statement of financial position</b>		
Inventories	<u>19,275</u>	<u>12,067</u>
<b>Statement of financial activities</b>		
Inventories recognised as an expense in cost of sales	<u>(9,135)</u>	<u>9,261</u>



**DHARMA DRUM (SINGAPORE)****NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018****6 OTHER RECEIVABLES**

	2018	2017
	\$	\$
- Deposit	21,850	650
- Advance payment to supplier	14,791	-
	<u>36,641</u>	<u>650</u>

**7 CASH AT HAND AND BANK BALANCES**

	2018	2017
	\$	\$
Fixed deposits	-	690,001
Cash at bank balances	2,578,522	1,847,876
Cash at hand	493	133
	<u>2,579,015</u>	<u>2,538,010</u>

The fixed deposits have maturity terms of Nil (2017: 12 months) and interest rate of Nil (2017: 0.75%) per annum.

**8 BUILDING FUND**

The building fund is set up to collect donations to facilitate the acquisition of a premise for the various activities run by the Society.

**9 TRADE AND OTHER PAYABLES**

	2018	2017
	\$	\$
Trade payables:		
- Third parties	-	1,927
Other payables:		
- Accrued operating expenses	15,374	5,425
Total trade and other payables	<u>15,374</u>	<u>7,352</u>

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

## DHARMA DRUM (SINGAPORE)

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

#### 10 OPERATING LEASE COMMITMENTS

The Society leases office premises under non-cancellable operating lease agreements from non related party. The leases have varying terms, escalation clauses and renewal rights.

	2018	2017
	\$	\$
Not later than one year	140,750	-
Two to five years	93,000	-
	<u>233,750</u>	<u>-</u>

#### 11 FINANCIAL RISK MANAGEMENT

The Society's activities expose it to minimal financial risks and overall risk management is determined and carried out by the management on an informal basis.

##### (i) Credit risk

The Society has no significant concentrations of credit risk. The Society places its cash with creditworthy financial institutions. The carrying amounts of cash and cash equivalents represent the Society's maximum exposure to credit risk.

##### (ii) Liquidity risk

Liquidity risk reflects the risk that the Society will have insufficient resources to meet its financial liabilities as and when they fall due.

The Society manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the Management Committee to fund the Society's activities. It places its cash with creditworthy institutions.

##### Analysis of financial instruments by remaining contractual maturities

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

	2018	2017
	\$	\$
<b>Payable within one year</b>		
<u>Financial assets</u>		
Other receivables	21,850	650
Cash at hand and bank balances	2,579,015	2,538,010
Total undiscounted financial assets	<u>2,600,865</u>	<u>2,538,660</u>
<u>Financial liabilities</u>		
Trade and other payables	15,374	7,352
Total undiscounted financial liability	<u>15,374</u>	<u>7,352</u>
Total undiscounted financial assets	<u>2,585,491</u>	<u>2,531,308</u>

##### (iii) Interest rate risk

Changes in interest rates do not have a material impact on the Society as it does not have any interest-bearing liabilities.

## DHARMA DRUM (SINGAPORE)

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

---

#### 12 FAIR VALUES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

*Cash at hand and bank balances, other receivables and trade and other payables*

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

*Other receivables and trade payables*

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

#### 13 CAPITAL MANAGEMENT

The Society's objective when managing its accumulated fund is to safeguard the Society's ability to continue as a going concern, so that it can continue to provide services for the benefit of its members and other stakeholders.

The Society monitors its accumulated fund on a prudent basis and it does not utilise any external debt from financial institutions. The capital structure of the Society consists of cash at hand and bank balances and accumulated fund.

There was no change in the Society's approach to capital management during the year

	2018 S\$	2017 S\$
Cash at hand and bank balances	<u>2,579,015</u>	<u>2,538,010</u>
Accumulated funds	<u>992,717</u>	<u>947,654</u>

#### 14 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Society for the financial year ended 31 May 2018 were authorised for issue on the date stated on the Statement by Management Committee Members.