PROVIDENCE PRESBYTERIAN CHURCH LTD
AND ITS SUBSIDIARY
(Co. Reg. No. 201206026Z)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

BAKER TILLY
TFW

Baker Tilly TFW LLP
Chartered Accountants of Singapore

An independent member of Baker Tilly International

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PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of the Group and the balance sheet and statement of changes in funds of the Company for the financial year ended 30 June 2018.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in funds of the Company as set out on pages 6 to 24 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and the financial performance, changes in funds and cash flows of the Group and changes in funds of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are:

Teo Yew Tiong
Lim Chye Kee
Tan Cheh Ngen
Tan Seow Ann
Bay Way Yee
Chong Boon Siong
Leong Wai Kin
Wong Kin Mun
Lee Chi Kwan Stephen
Chong Soo Fah
Tan Geok Eng
Tan Chek Hui
Tan Yan Shin Caleb Soediarto
Koh Kok Pin
Lim Pang Jong
Ting Tau Nay
Yong Kai Ming
Ong Ah Hian
Koong Der Meei
Liew Sok Jee
Chua Kern
Theng Cheow Soon
Lu Feng
Wong Kee Eee

Arrangements to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures or any other body corporate.

Other matters

As the Company is limited by guarantee and does not have a share capital, matters relating to the issue of shares, debenture, dividends or share options are not applicable.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

Elder Ong Ah Hian
Session Clerk

Elder Ting Tau Nay
Session Treasurer

30 October 2018

BAKER TILLY
TFW

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
T: +65 6336 2828
F: +65 6339 0438
www.bakertillytfw.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Providence Presbyterian Church Ltd (the "Company") and its subsidiary (the "Group") as set out on pages 6 to 24, which comprise the balance sheets of the Group and the Company as at 30 June 2018 and the consolidated statement of comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows of the Group and the statement of changes in funds of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in funds of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in funds and consolidated cash flows of the Group and the changes in equity of the Company 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 Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' Statement as 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

BAKER TILLY
TFW

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY (cont'd)

Report on the Audit of the Financial Statements (cont'd)

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

- 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 Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year, the Company has not complied with the requirements of regulation 7 (Fund-raising expenses) of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012.

Baker Tilly

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

30 October 2018

PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 30 June 2018

	Note	Accumulated Income Fund $	Mission Fund $	Church Development Fund $	Asset Capitalisation Reserve $	Total $
2018						
Income						
Church collections and offerings		3,709,233	555,788	1,597,182	–	5,862,203
Church 50th Anniversary		134,612	–	–	–	134,612
Tuition and registration fees		44,570	–	–	–	44,570
Interest income		21,856	–	–	73,272	95,128
Other income		20,294	–	–	–	20,294
		3,930,565	555,788	1,597,182	73,272	6,156,807
Less expenditure						
Church 50th Anniversary		102,042	–	–	–	102,042
Depreciation of property, plant and equipment	5	22,946	–	–	–	22,946
Salaries and related costs		1,374,062	–	–	–	1,374,062
CPF contributions		231,829	–	–	–	231,829
Rental of premises		85,415	–	–	173,340	258,755
Rental of equipment		128,718	–	–	–	128,718
Amortisation of deferred expenditure	7	–	–	–	50,808	50,808
Other operating expenses		1,554,599	522,081	–	–	2,076,680
		3,499,611	522,081	–	224,148	4,245,840
Net surplus/(deficit) and total comprehensive income/(loss) for the year	4	**430,954**	**33,707**	**1,597,182**	**(150,876)**	**1,910,967**

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

PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)
For the financial year ended 30 June 2018

	Note	Accumulated Income Fund $	Mission Fund $	Church Development Fund $	Asset Capitalisation Reserve $	Total $
2017						
Income						
Church collections and offerings		3,577,418	436,417	2,907,794	–	6,921,629
Tuition and registration fees		61,200	–	–	–	61,200
Interest income		12,726	–	–	75,624	88,350
Other income		29,032	–	–	–	29,032
		3,680,376	436,417	2,907,794	75,624	7,100,211
Less expenditure						
Depreciation of property, plant and equipment	5	68,247	–	–	–	68,247
Salaries and related costs		1,370,771	–	–	–	1,370,771
CPF contributions		208,976	–	–	–	208,976
Rental of premises		131,710	–	–	173,340	305,050
Rental of equipment		108,067	–	–	–	108,067
Amortisation of deferred expenditure	7	–	–	–	50,808	50,808
Other operating expenses		1,791,428	638,948	–	–	2,430,376
		3,679,199	638,948	–	224,148	4,542,295
Net surplus/(deficit) and total comprehensive income/(loss) for the year	4	1,177	(202,531)	2,907,794	(148,524)	2,557,916

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

PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

BALANCE SHEETS
At 30 June 2018

		Group		Company	
		2018	2017	**2018**	2017
	Note	**$**	$	**$**	$
Non-current assets					
Property, plant and equipment	5	**36,421**	33,114	**34,403**	27,257
Loan receivable	6	**2,734,467**	2,827,861	**2,734,467**	2,827,861
Deferred expenditure	7	**1,130,467**	1,181,275	**1,130,467**	1,181,275
Deposit		**–**	–	**–**	–
Investment in subsidiary	8	**–**	–	**–**	–
		3,901,355	4,042,250	**3,899,337**	4,036,393
Current assets					
Other receivables and prepayments	9	**212,488**	273,964	**198,483**	248,156
Cash and cash equivalents	10	**12,584,993**	10,619,357	**12,524,926**	10,566,475
		12,797,481	10,893,321	**12,723,409**	10,814,631
Total assets		**16,698,836**	14,935,571	**16,622,746**	14,851,024
Current liabilities					
Other payables	11	**415,729**	563,431	**402,897**	548,698
Net assets		**16,283,107**	14,372,140	**16,219,849**	14,302,326
Funds					
Accumulated Income Fund	12	**6,375,770**	6,000,558	**6,312,512**	5,930,744
Mission Fund	13	**100,000**	100,000	**100,000**	100,000
Church Development Fund	14	**5,739,572**	4,064,281	**5,739,572**	4,064,281
Asset Capitalisation Reserve	15	**4,067,765**	4,207,301	**4,067,765**	4,207,301
Total		**16,283,107**	14,372,140	**16,219,849**	14,302,326

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

PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN FUNDS
For the financial year ended 30 June 2018

	Accumulated Income Fund $	Mission Fund $	Church Development Fund $	Asset Capitalisation Reserve $	Total $
Group					
Balance at 1 July 2016	6,213,252	100,000	1,156,487	4,344,485	11,814,224
Total comprehensive income/(loss) for the year	1,177	(202,531)	2,907,794	(148,524)	2,557,916
Transfer of funds	(213,871)	202,531	–	11,340	–
Balance at 30 June 2017	6,000,558	100,000	4,064,281	4,207,301	14,372,140
Total comprehensive income/(loss) for the year	430,954	33,707	1,597,182	(150,876)	1,910,967
Transfer of funds	(55,742)	(33,707)	78,109	11,340	–
Balance at 30 June 2018	**6,375,770**	**100,000**	**5,739,572**	**4,067,765**	**16,283,107**
Company					
Balance at 1 July 2016	6,144,844	100,000	1,156,487	4,344,485	11,745,816
Total comprehensive (loss)/income for the year	(229)	(202,531)	2,907,794	(148,524)	2,556,510
Transfer of funds	(213,871)	202,531	–	11,340	–
Balance at 30 June 2017	5,930,744	100,000	4,064,281	4,207,301	14,302,326
Total comprehensive (loss)/income for the year	437,510	33,707	1,597,182	(150,876)	1,917,523
Transfer of funds	(55,742)	(33,707)	78,109	11,340	–
Balance at 30 June 2018	**6,312,512**	**100,000**	**5,739,572**	**4,067,765**	**16,219,849**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2018

	Group	
	2018	2017
	$	$
Cash flows from operating activities		
Surplus for the financial year	**1,910,967**	2,557,916
Adjustments for:		
Depreciation of property, plant and equipment	**22,946**	68,247
Interest income	**(95,128)**	(88,350)
Amortisation of deferred expenditure	**50,808**	50,808
Loss on disposal of plant and equipment	**2,404**	–
Operating cash flows before movements in working capital	**1,891,997**	2,588,621
Receivables	**61,476**	(17,599)
Payables	**(147,702)**	(116,251)
Net cash generated from operating activities	**1,805,771**	2,454,771
Cash flows from investing activities		
Purchase of property, plant and equipment	**(28,957)**	(6,069)
Proceeds from disposal of property, plant and equipment	**300**	–
Interest received	**21,856**	12,724
Loan repayment from third party	**166,666**	166,668
Net cash generated from investing activities	**159,865**	173,323
Net increase in cash and cash equivalents	**1,965,636**	2,628,094
Cash and cash equivalent at beginning of financial year	**10,619,357**	7,991,263
Cash and cash equivalent at end of financial year (Note 10)	**12,584,993**	10,619,357

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

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

1 Corporate information

The Company (Co. Reg. No. 201206026Z) is incorporated and domiciled in Singapore. Its principal place of business and registered office is at 3 Orchard Road, Singapore 238825. The Company is limited by guarantee, registered under the Charities Act.

The principal activities of the Company are to provide places of worship for Christians, evangelism and providing funding for Christian education and social/welfare activities. The principal activity of the subsidiary is set out in Note 8 to the financial statements.

In accordance with the Memorandum of Articles of Association, each member of the Company has undertaken to contribute such amount not exceeding $10 to the assets of the Company in the event the Company is wound up and the monies are required for payment of the liabilities of the Company.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements, expressed in Singapore dollar ("$"), which is the functional currency have been prepared in accordance with the provisions of the Companies Act, Chapter 50, Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant judgements 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 period.

The carrying amounts of cash and bank equivalents, other receivables and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 30 June 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group except as disclosed below:

FRS 116 Leases

FRS 116 replaces the existing FRS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheet to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. At the balance sheet date, the Group has non-cancellable operating lease commitments of $3,741,353 (2017: $3,965,983) (Note 16). The Group anticipates that the adoption of FRS 116 in the future may potentially have a material impact on the amounts reported and disclosures made in the financial statements. It is not practicable to provide a reasonable estimate of the impact of FRS 116 until the Group performs a detailed assessment. The Group is in the process of performing a detailed assessment of the impact and plans to adopt the standard on the required effective date.

(b) Subsidiary

A subsidiary is an entity controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investments in subsidiary is accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in surplus or deficit.

2 Summary of significant accounting policies (cont'd)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the balance sheet date. Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary is prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income and expenses, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as receivables, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill.

(d) Income recognition

Collections and offerings and donations are recognised as and when they are received.

Tuition fee is recognised when services are rendered.

Interest income from fixed deposits is recognised on time-apportion basis at the effective interest rate applicable.

(e) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated on a straight-line basis so as to allocate the depreciable amount of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Office and musical equipment	20% to 33%
Furniture and fittings	20%
Renovations	14%

2 Summary of significant accounting policies (cont'd)

(e) Property, plant and equipment (cont'd)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in income or expenditure when the changes arise.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to income or expenditure.

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

(f) Employee benefits

Defined contribution plans

The Company contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Singapore Government. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for employees' unutilised annual leave as at the balance sheet date.

(g) Taxation

The Company is a registered charity under the Charities Act and is exempt from income tax under the provision of the Singapore Income Tax Act.

(h) Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(i) Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in income or expenditure.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income or expenditure. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

2 Summary of significant accounting policies (cont'd)

(j) Financial assets

The Group's and Company's only financial assets are "loans and receivables" which comprise loan receivable, other receivables (excluding prepayments) and cash and bank balances.

Loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. The Group and the Company assess at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. When such evidence exists, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in income or expenditure. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. When a receivable is uncollectible, it is written off against the allowance account for the receivables. Subsequent recoveries of amounts previously written off are credited in income or expenditure.

(k) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances, deposits with financial institutions which are subject to an insignificant risk of changes in value and bank balances.

(l) Financial liabilities

Financial liabilities, include other payables, are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(m) Funds

Unless specially indicated, fund balances are not represented by any specific amounts, but are represented by all assets of the Group.

Accumulated income fund of the Group includes the general fund of the subsidiary.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

3 Donations - Group

The amount of $180,000 (2017: $225,000) was paid to Providence Care Centre which is a joint project between the subsidiary and Presbyterian Community Services.

4 Surplus/(deficit) before tax

These are after charging the following:

	Group 2018 $	Group 2017 $
Board expenses	**80,070**	101,755
Congregation care and fellowship	**57,851**	57,258
Mission support - local and overseas	**522,081**	638,948
Session expenses	**105,554**	173,969
Shared expenses with Orchard Road Presbyterian Church ("ORPC")	**299,374**	312,469
Shared expenses Bukit Batok Presbyterian Church ("BBPC")	**266,765**	280,256
Tutor's fee	**60,668**	80,663
Loss on disposal of plant and equipment	**2,404**	–

The Group shares operating expenses and upkeep expenses of ORPC and BBPC on cost sharing allocation basis (currently 35% and 50% respectively) as governed by the Memorandum of Understanding.

5 Property, plant and equipment

	Office and musical equipment $	**Furniture and fittings** $	**Renovation** $	**Total** $
Group				
2018				
Cost				
At 1 July 2017	477,753	105,926	385,732	969,411
Additions	18,971	1,986	8,000	28,957
Disposal	–	(9,519)	–	(9,519)
At 30 June 2018	**496,724**	**98,393**	**393,732**	**988,849**
Accumulated depreciation				
At 1 July 2017	465,974	94,557	375,766	936,297
Depreciation charge	7,638	4,295	11,013	22,946
Disposal	–	(6,815)	–	(6,815)
At 30 June 2018	**473,612**	**92,037**	**386,779**	**952,428**
Net carrying value				
At 30 June 2018	**23,112**	**6,356**	**6,953**	**36,421**

5 Property, plant and equipment (cont'd)

	Office and musical equipment $	Furniture and fittings $	Renovation $	Total $
Group				
2017				
Cost				
At 1 July 2016	471,868	105,742	385,732	963,342
Additions	5,885	184	–	6,069
At 30 June 2017	477,753	105,926	385,732	969,411
Accumulated depreciation				
At 1 July 2016	458,475	88,913	320,662	868,050
Depreciation charge	7,499	5,644	55,104	68,247
At 30 June 2017	465,974	94,557	375,766	936,297
Net carrying value				
At 30 June 2017	11,779	11,369	9,966	33,114
Company				
2018				
Cost				
At 1 July 2017	279,056	60,213	285,487	624,756
Additions	18,971	1,986	8,000	28,957
At 30 June 2018	**298,027**	**62,199**	**293,487**	**653,713**
Accumulated depreciation				
At 1 July 2017	267,277	54,701	275,521	597,499
Depreciation charge	7,638	3,160	11,013	21,811
At 30 June 2018	**274,915**	**57,861**	**286,534**	**619,310**
Net carrying value				
At 30 June 2018	**23,112**	**4,338**	**6,953**	**34,403**

5 Property, plant and equipment (cont'd)

	Office and musical equipment $	Furniture and fittings $	Renovation $	Total $
Company				
2017				
Cost				
At 1 July 2016	273,171	60,213	285,487	618,871
Additions	5,885	–	–	5,885
At 30 June 2017	279,056	60,213	285,487	624,756
Accumulated depreciation				
At 1 July 2016	259,778	50,665	220,417	530,860
Depreciation charge	7,499	4,036	55,104	66,639
At 30 June 2017	267,277	54,701	275,521	597,499
Net carrying value				
At 30 June 2017	11,779	5,512	9,966	27,257

6 Loan receivable

In November 2008, PPC entered into a loan agreement with The Bible Society of Singapore ("BSS") to make available to BSS an interest free loan of $5,000,000 for the purpose of redeveloping the Bible House into a five storey building with 2 basements. On the same day, PPC entered into a lease rental agreement with BSS to lease 646.95 square metre of the premise for 30 years at the following rental rates which take into consideration of the benefit of BSS not having to pay any interest on the $5 million loan:

Year	Rental rate	Total rental
1 to 10	$13,500 per month	$162,000 per year
11 to 20	$13,900 per month	$166,800 per year
21 to 30	$14,300 per month	$171,600 per year

The loan is to be drawn down in stages in accordance to the construction phase of the Bible House. Full redevelopment of the Bible House was completed in June 2011.

The loan to BSS is unsecured, interest free and repayable over 360 monthly instalment commencing from 1 October 2010.

In accordance with FRS 39, The Session of PPC fair valued the loan based on the market rate prevailing on loan inception dates of 2.5% per annum. The difference between the fair value of the loan and notional value of the loan is taken to "Deferred Expenditure" account and amortised to surplus or deficit on a straight-line basis over the term of the lease.

	Group and Company	
	2018	2017
	$	$
Loan receivable:		
Repayable within 12 months (Note 9)	**166,667**	166,667
Repayable after 12 months	**2,734,467**	2,827,861
Total	**2,901,134**	2,994,528

7 Deferred expenditure

The deferred expenditure pertains to the Day One difference between the fair value of the loan amount drawn down from $5 million interest free loan facility given by PPC to BSS for the purpose disclosed in Note 6 above and the notional loan amount drawn down. In essence, the Day One difference represents deferred benefits from the rental of the premises from BSS at below the market rental rate. Deferred expenditure is amortised on a straight line basis over the period of lease.

	Group and Company	
	2018	2017
	$	$
Deferred expenditure	**1,524,227**	1,524,227
Less: Amortisation	**(393,760)**	(342,952)
	1,130,467	1,181,275
Movement in amortisation:		
Balance at beginning of financial year	**342,952**	292,144
Amortisation charged	**50,808**	50,808
Balance at end of financial year	**393,760**	342,952

8 Investment in subsidiary

The subsidiary has no share capital and is limited by guarantee. The details of the subsidiary at 30 June 2018 are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Group's equity interest	
			2018	2017
			%	%
Providence Care Limited	Educational support courses/services and counseling to public	Singapore	**100**	100

9 Other receivables and prepayments

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Prepaid expenses	**26,276**	75,942	**25,911**	75,634
Amount due from Providence Care Centre	**13,640**	–	–	–
Current portion of loan receivable (Note 6)	**166,667**	166,667	**166,667**	166,667
Deposits	**4,915**	30,415	**4,915**	4,915
Interest receivables	**990**	940	**990**	940
	212,488	273,964	**198,483**	248,156

The amount due from a subsidiary is repayable on demand and do not carry any interest charges. The receivables are not past due and are not impaired.

10 Cash and cash equivalents

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Bank and cash balances	**10,035,341**	8,091,510	**9,975,274**	8,038,628
Fixed deposits	**2,549,652**	2,527,847	**2,549,652**	2,527,847
	12,584,993	10,619,357	**12,524,926**	10,566,475

In 2018, fixed deposits bore interest at 1.09% (2017: 0.59%) per annum at the end of balance sheet date and were placed for a tenure approximately 1 year.

11 Other payables

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Amount due to The Presbyterian Church in Singapore	**63,780**	68,836	**63,780**	68,836
Amount due to Bukit Batok Presbyterian Church	**73,294**	80,928	**73,294**	80,928
Provision for compensated absences	**28,606**	34,028	**28,606**	34,028
Other payables and accruals	**250,049**	379,639	**237,217**	364,906
	415,729	563,431	**402,897**	548,698

12 Accumulated Income Fund

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Balance at beginning of financial year	**6,000,558**	6,213,252	**5,930,744**	6,144,844
Surplus/(deficit) for the year	**430,954**	1,177	**437,510**	(229)
Transfer from/(to) Mission Fund (Note 13)	**33,707**	(202,531)	**33,707**	(202,531)
Transfer to Church Development Fund (Note 14)	**(78,109)**	–	**(78,109)**	–
Transfer to Asset Capitalisation Reserve* (Note 15)	**(11,340)**	(11,340)	**(11,340)**	(11,340)
Balance at end of financial year	**6,375,770**	6,000,558	**6,312,512**	5,930,744

* This transfer represents Goods and Services Tax incurred during the year for the rental expense which was charged to the Asset Capitalisation Reserve.

Group

The fund of the Group comprises the accumulated income fund of the Company and the revenue reserves of the subsidiary.

Company

The fund represents accumulated income fund arising from activities of the Church.

13 Mission Fund

	Group and Company	
	2018	2017
	$	$
Balance at beginning of financial year	**100,000**	100,000
Surplus/(deficit) for the year	**33,707**	(202,531)
Transfer (to)/from Accumulated Income Fund (Note 12)	**(33,707)**	202,531
Balance at end of financial year	**100,000**	100,000

Fund was raised for the purpose of financing local and overseas missions.

14 Church Development Fund

	Group and Company	
	2018	2017
	$	$
Balance at beginning of financial year	**4,064,281**	1,156,487
Surplus for the year	**1,597,182**	2,907,794
Transfer from Accumulated Income Fund (Note 12)	**78,109**	–
Balance at end of financial year	**5,739,572**	4,064,281

Fund was raised for the purpose of extension and redevelopment of the Church.

15 Asset Capitalisation Reserve

	Group and Company	
	2018	2017
	$	$
Balance at beginning of financial year	**4,207,301**	4,344,485
Deficit for the year	**(150,876)**	(148,524)
Transfer from Accumulated Income Fund (Note 12)	**11,340**	11,340
Balance at end of financial year	**4,067,765**	4,207,301

Fund was raised for the purpose of the $5 million loan to The Bible Society of Singapore (Note 6).

16 Operating lease commitments

Commitments in relation to non-cancellable operating leases of office equipment and office premises contracted for at the balance sheet date, but not recognised as liabilities, are payable as follows:

	Group	
	2018	2017
	$	$
Not later than one financial year	**221,474**	264,853
Later than one financial year but not later than five financial years	**731,887**	734,662
More than five financial years	**2,787,992**	2,966,468
	3,741,353	3,965,983

Operating lease payments represent rentals payable by the Group for the office equipment and office premises. Leases are negotiated for an average term of 2 to 5 years and rentals are fixed for an average of 2 to 5 years except for the lease of the premise at The Bible House which is disclosed in Note 6 to the financial statements.

17 Related party transactions

(a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties during the financial year on terms agreed between the parties concerned:

	Group	
	2018	2017
	$	$
Synod levy	**74,239**	71,548
Session expenses	–	6,820

(b) Compensation of directors and key management personnel

	Group	
	2018	2017
	$	$
Salaries and related costs	**319,946**	324,719
CPF	**40,183**	43,634
	360,129	368,353

These compensations were paid to 1 moderator (2017: 1 moderator) and 3 pastors (2017: 3 pastors) who are chairman and prospective chairperson of their respective board of management of Congregations of the Group.

(c) The annual remuneration of the Group's 3 highest paid staff are as follow:

	Group	
	2018	2017
	$	$
Number of staff in the following remuneration band: $100,000 to $200,000	**3**	3

18 Financial risk management

(a) Categories of financial instruments

Financial instruments as at balance sheet date are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Financial assets				
Loans and receivables (including cash and cash equivalents)	**15,505,672**	13,645,240	**15,431,965**	13,566,858
Financial liabilities				
At amortised costs	**387,123**	529,403	**374,291**	514,670

(b) Financial risk management policies and objectives

The management monitors and manages the financial risks relating to the operations of the Church to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (including currency and interest rate), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

i) Foreign currency risk

The Group operates mainly in Singapore and transacts substantially in Singapore dollar which is its functional currency. Therefore, currency risk exposure is very minimal.

ii) Interest rate risk management

The Group is exposed to interest rate risk through the impact of interest rate on to its fixed deposits as detailed in Note 10 to the financial statements.

Sensitivity analysis for changes in interest rate is not disclosed as the effect on surplus or deficit is considered not significant for the Group and the Company. The Group and the Company have no interest–bearing liabilities.

iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as means of mitigating the risk of financial loss from defaults.

18 Financial risk management (cont'd)

(b) Financial risk management policies and objectives (cont'd)

iii) Credit risk management (cont'd)

The carrying amount of loan and other receivables represent the Group's maximum exposure to credit risk. No other financial asset carries a significant concentration of credit risk. The Group has no significant concentration of risk.

The credit risk on cash and bank balances is limited as they are placed with creditworthy financial institutions.

Further details of credit risk on loan receivable and other receivables are disclosed in Notes 6 and 9 to the financial statements respectively.

iv) Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Treasury Team manages liquidity through internally generated cash flows.

All financial assets and liabilities are repayable on demand and due within 1 year from the balance sheet date except for loan receivable as disclosed in Note 6 to the financial statements.

(c) Fair values of financial assets and liabilities

The fair values of the loan receivable approximate their carrying amounts at the balance sheet date. This fair value measurement determined using the discounted cash flow method, is categorised within Level 3 of the fair value hierarchy. Level 3 is fair value measurement using inputs for assets or liabilities that are not based on observable market data.

The carrying amounts of the other current financial assets and liabilities recorded in the financial statements of the Group approximate their respective fair values.

19 Capital risk management policies and objectives

The Group manages its funds to ensure that it will be able to continue as a going concern.

The capital structure of the Group comprises funds raised and accumulated income.

The management reviews the capital structure on an on-going basis. As part of the review, the Group considers the needs associated with the respective funds. Based on the recommendation of the management, the Group will balance its overall capital structure through spending from the respective fund accounts for their intended use as well as organising fund raising activities to raise funds when the need arises.

The Group's overall strategy remains unchanged from 2017.

20 Authorisation of the financial statements

The financial statements of the Company for the financial year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Board of Directors dated 30 October 2018.