

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

**FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2020**

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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 2020.

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 33 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2020 and the financial performance, changes in funds and cash flows of the Group and the 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:

Chai Kum Meng	(Appointed 18 October 2020)
Chee Yu Ming	
Chew Min Zhong Dominic	(Appointed 18 October 2020)
Chong Pin Siong	
Chong Soo Fah	
Chua Kern	
Hwang Chee Loon	(Appointed on 19 January 2020)
Joseph Tan Leong Quan	(Appointed 18 October 2020)
Lee Ah Kian	
Liaw Hwee Huat	(Appointed 18 October 2020)
Liew Sok Jee	
Lim Pang Jong	
Lo Chee Wen	(Appointed 18 October 2020)
Lu Feng	
Ong Ah Hian	
Tan Chek Hui	
Tan Ching Eng	
Tan Yan Shin Caleb Soediarso	
Theng Cheow Soon	
Ting Tau Nay	
Wong Kee Eee	
Yong Kai Ming	

### **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.

Providence Presbyterian Church Ltd and its subsidiary

**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**

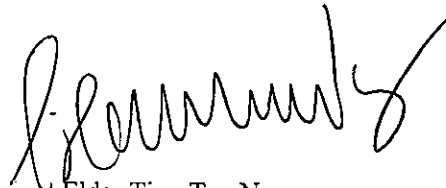
The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



Elder Ong Ah Hian  
Session Clerk

20 November 2020



Elder Ting Tau Nay  
Session Treasurer

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PROVIDENCE PRESBYTERIAN CHURCH LTD****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 33, which comprise the balance sheets of the Group and the Company as at 30 June 2020 and the consolidated statements 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 2020 and of the consolidated financial performance, consolidated changes in funds and consolidated cash flows of the Group and the changes in funds 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 pages 1 to 2 and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not 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 (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.

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

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

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

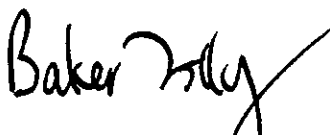
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we 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 corporation 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. The Company did not hold any fund-raising appeal during the financial year.



Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

20 November 2020

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 30 June 2020

	← Unrestricted funds →	← Restricted funds →			
	Accumulated Income Fund \$	Asset Capitalisation Reserve \$	Mission Fund \$	Church Development Fund \$	Total \$
Note					
<b>2020</b>					
<b>Income</b>					
Church collections and offerings	3,668,759	–	513,237	893,703	5,075,699
Tuition and registration fees	12,830	–	–	–	12,830
Interest income	174,525	68,384	–	–	242,909
Other income	196,271	–	–	–	196,271
	<b>4,052,385</b>	<b>68,384</b>	<b>513,237</b>	<b>893,703</b>	<b>5,527,709</b>
<b>Less expenditure</b>					
Depreciation of property, plant and equipment	7 283,034	–	–	–	283,034
Salaries and related costs	1,498,145	–	–	–	1,498,145
CPF contributions	191,848	–	–	–	191,848
Rental of premises	1,691	–	–	–	1,691
Rental and maintenance of equipment – short term	102,472	–	–	–	102,472
Amortisation of deferred expenditure	9 –	50,808	–	–	50,808
Interest on lease liabilities	18 –	88,487	–	–	88,487
Other operating expenses	1,294,916	–	368,588	–	1,663,504
	<b>3,372,106</b>	<b>139,295</b>	<b>368,588</b>	<b>–</b>	<b>3,879,989</b>
<b>Net surplus/(deficit) and total comprehensive income/(loss) for the year</b>	<b>6 680,279</b>	<b>(70,911)</b>	<b>144,649</b>	<b>893,703</b>	<b>1,647,720</b>

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 2020**

	← Unrestricted funds →	← Restricted funds →			
	Accumulated Income Fund \$	Asset Capitalisation Reserve \$	Mission Fund \$	Church Development Fund \$	Total \$
Note					
2019					
Income					
Church collections and offerings	3,916,221	–	578,066	1,251,028	5,745,315
Tuition and registration fees	35,805	–	–	–	35,805
Interest income	43,103	70,859	–	–	113,962
Other income	11,922	–	–	–	11,922
	<u>4,007,051</u>	<u>70,859</u>	<u>578,066</u>	<u>1,251,028</u>	<u>5,907,004</u>
Less expenditure					
Depreciation of property, plant and equipment	7 10,916	–	–	–	10,916
Salaries and related costs	1,461,868	–	–	–	1,461,868
CPF contributions	216,834	–	–	–	216,834
Rental of premises	2,699	162,000	–	–	164,699
Rental and maintenance of equipment	146,828	–	–	–	146,828
Amortisation of deferred expenditure	9 –	50,808	–	–	50,808
Other operating expenses	1,659,516	–	413,222	–	2,072,738
	<u>3,498,661</u>	<u>212,808</u>	<u>413,222</u>	<u>–</u>	<u>4,124,691</u>
Net surplus/(deficit) and total comprehensive income/(loss) for the year	6 508,390	(141,949)	164,844	1,251,028	1,782,313

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

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**BALANCE SHEETS**

At 30 June 2020

	Note	Group		Company	
		2020 \$	2019 \$	2020 \$	2019 \$
<b>Non-current assets</b>					
Property, plant and equipment	7	6,669,326	30,162	6,668,979	28,941
Loan receivable	8	2,540,376	2,638,659	2,540,376	2,638,659
Deferred expenditure	9	1,028,851	1,079,659	1,028,851	1,079,659
Investment in subsidiary	10	–	–	–	–
		<b>10,238,553</b>	<b>3,748,480</b>	<b>10,238,206</b>	<b>3,747,259</b>
<b>Current assets</b>					
Other receivables and prepayments	11	559,364	242,232	491,872	226,661
Cash and cash equivalents	12	13,308,034	14,677,207	13,289,708	14,641,361
		<b>13,867,398</b>	<b>14,919,439</b>	<b>13,781,580</b>	<b>14,868,022</b>
<b>Total assets</b>		<b>24,105,951</b>	<b>18,667,919</b>	<b>24,019,786</b>	<b>18,615,281</b>
<b>Non-current liability</b>					
Lease liabilities	18	3,308,314	–	3,308,314	–
<b>Current liabilities</b>					
Lease liabilities	18	133,009	–	133,009	–
Other payables	13	951,488	602,499	920,378	579,597
		<b>1,084,497</b>	<b>602,499</b>	<b>1,053,387</b>	<b>579,597</b>
<b>Total liabilities</b>		<b>4,392,811</b>	<b>602,499</b>	<b>4,361,701</b>	<b>579,597</b>
<b>Net assets</b>		<b>19,713,140</b>	<b>18,065,420</b>	<b>19,658,085</b>	<b>18,035,684</b>
<b>Funds</b>					
<b>Unrestricted funds</b>					
Accumulated Income Fund	14	7,823,932	6,999,004	7,768,877	6,969,268
Asset Capitalisation Reserve	17	3,854,905	3,925,816	3,854,905	3,925,816
		<b>11,678,837</b>	<b>10,924,820</b>	<b>11,623,782</b>	<b>10,895,084</b>
<b>Restricted funds</b>					
Mission Fund	15	150,000	150,000	150,000	150,000
Church Development Fund	16	7,884,303	6,990,600	7,884,303	6,990,600
		<b>8,034,303</b>	<b>7,140,600</b>	<b>8,034,303</b>	<b>7,140,600</b>
<b>Total funds</b>		<b>19,713,140</b>	<b>18,065,420</b>	<b>19,658,085</b>	<b>18,035,684</b>

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 2020**

	← Unrestricted funds →	← Restricted funds →			
	Accumulated Income Fund \$	Asset Capitalisation Reserve \$	Mission Fund \$	Church Development Fund \$	Total funds \$
<b>Group</b>					
Balance at 1 July 2018	6,375,770	4,067,765	100,000	5,739,572	16,283,107
Total comprehensive income/(loss) for the year	508,390	(141,949)	164,844	1,251,028	1,782,313
Transfer of funds	114,844	–	(114,844)	–	–
Balance at 30 June 2019	6,999,004	3,925,816	150,000	6,990,600	18,065,420
Total comprehensive income/(loss) for the year	680,279	(70,911)	144,649	893,703	1,647,720
Transfer of funds	144,649	–	(144,649)	–	–
<b>Balance at 30 June 2020</b>	<b>7,823,932</b>	<b>3,854,905</b>	<b>150,000</b>	<b>7,884,303</b>	<b>19,713,140</b>
<b>Company</b>					
Balance at 1 July 2018	6,312,512	4,067,765	100,000	5,739,572	16,219,849
Total comprehensive income/(loss) for the year	541,912	(141,949)	164,844	1,251,028	1,815,835
Transfer of funds	114,844	–	(114,844)	–	–
Balance at 30 June 2019	6,969,268	3,925,816	150,000	6,990,600	18,035,684
Total comprehensive income/(loss) for the year	654,960	(70,911)	144,649	893,703	1,622,401
Transfer of funds	144,649	–	(144,649)	–	–
<b>Balance at 30 June 2020</b>	<b>7,768,877</b>	<b>3,854,905</b>	<b>150,000</b>	<b>7,884,303</b>	<b>19,658,085</b>

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

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the financial year ended 30 June 2020**

	Group	
	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Surplus for the financial year	1,647,720	1,782,313
Adjustments for:		
Depreciation of property, plant and equipment	283,034	10,916
Interest income	(242,909)	(113,962)
Amortisation of deferred expenditure	50,808	50,808
Interest expense	88,487	-
Operating cash flows before working capital changes	1,827,140	1,730,075
Receivables	(222,847)	(22,198)
Payables	348,989	186,770
Movement in restricted cash	2,458,332	(1,301,028)
<b>Net cash generated from operating activities</b>	4,411,614	593,619
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,352,035)	(4,657)
Interest received	94,129	35,557
Loan repayment from third party	152,778	166,667
<b>Net cash (used in)/generated from investing activities</b>	(3,105,128)	197,567
<b>Cash flows from financing activities</b>		
Interest paid	(88,487)	-
Repayment of lease liabilities	(128,840)	-
<b>Net cash used in financing activities</b>	(217,327)	-
<b>Net increase in cash and cash equivalents</b>	1,089,159	791,186
Cash and cash equivalents at beginning of financial year	7,536,607	6,745,421
<b>Cash and cash equivalents at end of financial year</b>	8,625,766	7,536,607
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	3,562,513	7,091,998
Fixed deposits	9,745,521	7,585,209
Less: Restricted funds represented by cash (Notes 15 and 16)	(4,682,268)	(7,140,600)
	8,625,766	7,536,607

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

# PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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 registered 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, Chapter 37.

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 10 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.

The Memorandum of Articles of Association of the Company states that the income and property of the Company shall be solely for the furtherance of the objects of the Company and no portion shall be distributed to the members of the Company.

### 2 Summary of significant accounting policies

#### (a) Basis of preparation

The financial statements, presented 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.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 4 to the financial statements.

The carrying amounts of cash and cash 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 Company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new/revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company except as disclosed in Note 3.

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 2020 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.

### (b) Income recognition

#### *Church collections and offerings*

Church collections and offerings income are recognised when received.

#### *Tuition fees*

The Group provides tuition and registration services to primary and secondary school children. The Group has the right to tuition fees (including other related fees such as registration fees) from its students in an amount that corresponds directly with the provision of tuition services and other incidental services on a monthly basis. Accordingly, tuition fees are recognised on a monthly basis.

#### *Interest income*

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

### (c) 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, investment 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 income or expenditure.

### (d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the balance sheet date. The 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.

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

### (d) Basis of consolidation (cont'd)

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.

### (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:

Leasehold land	3%
Office and musical equipment	20% to 33%
Furniture and fittings	20%
Renovation	14%
Church premises	4% to 33%
Copiers	20% to 41%

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.

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

### (f) Leases

*The accounting policy for leases before 1 July 2019 is as follows:*

#### *When a Group entity is the lessee*

##### *Finance leases*

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding lease liabilities, net of finance charges, are included in borrowings. The finance charge is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

##### *Operating leases*

Leases where a significant portion of the risks and rewards incidental to 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. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, 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.

*The accounting policy for leases from 1 July 2019 onwards is as follows:*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *When a Group entity is the lessee*

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. small items of office equipment). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

### (f) Leases (cont'd)

*The accounting policy for leases from 1 July 2019 onwards is as follows (cont'd):*

#### *When a Group entity is the lessee (cont'd)*

##### *Lease liabilities*

The lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities is presented as a separate line item in the balance sheets.

The lease liabilities is subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. To the extent that the cost relates to the right-of-use assets, the costs are included in the related right-of-use assets, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the balance sheets. The Group applies FRS 36 to determine whether the right-of-use assets is impaired and accounts for any identified impairment loss as described in Note 2(i).

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

### (g) Employee benefits

#### *Defined contribution plans*

The Group 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' annual leave as a result of services rendered by employees up to the balance sheet date.

### (h) Taxation

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

### (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.

### (j) Financial assets

#### *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in income or expenditure.

#### *Classification and measurement*

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's only financial assets are classified at amortised cost which comprise cash and cash equivalents, loan receivable and other receivables (excluding prepayments).

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

### (j) Financial assets (cont'd)

#### *Classification and measurement (cont'd)*

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in income or expenditure when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

#### *Impairment*

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

The Group recognises an impairment gain or loss in income or expenditure for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Offset*

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### (k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short-term fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### (l) Financial liabilities

Financial liabilities, include other payables (excluding provision for compensated absences) are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in income or expenditure 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.

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

### (n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle the 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. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as financial cost in income or expenditure.

### (o) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the grant is presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset and is recognised in income or expenditure over the life of the depreciable asset as a reduced depreciation expense.

When the grant relates to an expense item, it is recognised in income or expenditure over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

## 3 Interpretations and amendments to published standards effective in 2019

### *FRS 116 Leases*

#### *When the Group is the lessee*

FRS 116 replaces the existing FRS 17: Leases for financial periods beginning 1 July 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets ("right-of-use" assets) and the associated obligations for lease payments (lease liabilities), 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 assets and interest expense on lease liabilities.

On adoption of FRS 116, the Group and the Company recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under FRS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate as at 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.55% per annum.

	<b>Group and Company 2020 \$</b>
Operating lease commitments disclosed as at 30 June 2019 (Note 19)	3,559,876
Discounted using the weighted average lessee's incremental borrowing rate	(1,280,070)
Add: Adjustments as a result of a different treatment of extension	1,290,357
	<hr/>
Lease liabilities recognised as at 1 July 2019 (Note 18)	3,570,163
	<hr/>

### 3 Interpretations and amendments to published standards effective in 2019 (cont'd)

#### *FRS 116 Leases (cont'd)*

##### *When the Group is the lessee (cont'd)*

The associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption. Arising from the adoption of FRS 116, rights-of-use assets and lease liabilities of \$3,570,163 and \$3,570,163 respectively for the Group and Company were recognized on the balance sheet on 1 July 2019.

In applying FRS 116 for the first time, the Group and the Company have used the following practical expedients permitted by the standard:

- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

### 4 Critical accounting judgements and key sources of estimation uncertainty

#### *Critical judgements in applying the Group's accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgement that has the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with in the subsequent paragraphs).

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements, except for those involving estimation uncertainties as disclosed below.

#### *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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Estimating the incremental borrowing rate for leases*

The Group and Company uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The incremental borrowing rate therefore reflects what would the Group and Company "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and Company estimates the incremental borrowing rate using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates, such as the subsidiary's stand-alone credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use assets at the date of initial application of FRS 116. The carrying amount of lease liabilities and right-of-use assets are disclosed in Note 18 and 7 respectively.

### 5 Donations - Group

The amount of \$50,000 (2019: \$240,000) was paid to Providence Care Centre which is a joint project between the subsidiary and Presbyterian Community Services. This is included in the other operating expenses.

## 6 Net surplus/(deficit) and total comprehensive income/(loss) for the year

In addition to the profit or loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2020 \$	2019 \$
Board expenses	76,409	95,270
Congregation care and fellowship	59,674	62,209
Session expenses	77,017	135,969
Shared expenses with Orchard Road Presbyterian Church ("ORPC")	309,217	282,444
Shared expenses with Bukit Batok Presbyterian Church ("BBPC")	255,018	254,742
Tutor's fee	16,457	42,595
	<hr/>	<hr/>

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.

## 7 Property, plant and equipment

	Leasehold land \$	Church Premises \$	Office and Furniture musical equipment \$	and fittings \$	Renovation \$	Copiers \$	Total \$
<b>Group</b>							
<b>2020</b>							
<b>Cost</b>							
At 1 July 2019	–	–	501,381	98,393	393,732	–	993,506
Recognition of right-of-use assets on initial application of FRS 116	–	3,541,390	–	–	–	28,773	3,570,163
Balance at 1 July 2019, Restated	–	3,541,390	501,381	98,393	393,732	28,773	4,563,669
Additions	3,352,035	–	–	–	–	–	3,352,035
Balance at 30 June 2020	<b>3,352,035</b>	<b>3,541,390</b>	<b>501,381</b>	<b>98,393</b>	<b>393,732</b>	<b>28,773</b>	<b>7,915,704</b>
<b>Accumulated depreciation</b>							
At 1 July 2019	–	–	480,570	94,852	387,922	–	963,344
Depreciation charge	102,423	161,804	7,135	1,687	1,143	8,842	283,034
At 30 June 2020	<b>102,423</b>	<b>161,804</b>	<b>487,705</b>	<b>96,539</b>	<b>389,065</b>	<b>8,842</b>	<b>1,246,378</b>
<b>Net carrying value</b>							
At 30 June 2020	<b>3,249,612</b>	<b>3,379,586</b>	<b>13,676</b>	<b>1,854</b>	<b>4,667</b>	<b>19,931</b>	<b>6,669,326</b>

**7 Property, plant and equipment (cont'd)**

	<b>Leasehold land \$</b>	<b>Church Premises \$</b>	<b>Office and Furniture musical equipment \$</b>	<b>and fittings \$</b>	<b>Renovation \$</b>	<b>Copiers \$</b>	<b>Total \$</b>
<b>Group</b>							
<b>2019</b>							
<b>Cost</b>							
At 1 July 2018	–	–	496,724	98,393	393,732	–	988,849
Additions	–	–	4,657	–	–	–	4,657
At 30 June 2019	–	–	501,381	98,393	393,732	–	993,506
<b>Accumulated depreciation</b>							
At 1 July 2018	–	–	473,612	92,037	386,779	–	952,428
Depreciation charge	–	–	6,958	2,815	1,143	–	10,916
At 30 June 2019	–	–	480,570	94,852	387,922	–	963,344
Net carrying value At 30 June 2019	–	–	20,811	3,541	5,810	–	30,162
<b>Company</b>							
<b>2020</b>							
<b>Cost</b>							
At 1 July 2019	–	–	302,684	62,199	293,487	–	658,370
Recognition of right-of-use assets on initial application of FRS 116	–	3,541,390	–	–	–	28,773	3,570,163
Balance at 1 July 2019, Restated	–	3,541,390	302,684	62,199	293,487	28,773	4,228,533
Additions	3,352,035	–	–	–	–	–	3,352,035
Balance at 30 June 2020	3,352,035	3,541,390	302,684	62,199	293,487	28,773	7,580,568
<b>Accumulated depreciation</b>							
At 1 July 2019	–	–	281,873	59,879	287,677	–	629,429
Depreciation charge	102,423	161,804	7,135	813	1,143	8,842	282,160
At 30 June 2020	102,423	161,804	289,008	60,692	288,820	8,842	911,589
Net carrying value At 30 June 2020	3,249,612	3,379,586	13,676	1,507	4,667	19,931	6,668,979

**7 Property, plant and equipment (cont'd)**

	Leasehold land \$	Church Premises \$	Office and musical equipment \$	Furniture and fittings \$	Renovation \$	Copiers \$	Total \$
<b>Company</b>							
<b>2019</b>							
<b>Cost</b>							
At 1 July 2018	–	–	298,027	62,199	293,487	–	653,713
Additions	–	–	4,657	–	–	–	4,657
At 30 June 2019	–	–	302,684	62,199	293,487	–	658,370
<b>Accumulated depreciation</b>							
At 1 July 2018	–	–	274,915	57,861	286,534	–	619,310
Depreciation charge	–	–	6,958	2,018	1,143	–	10,119
At 30 June 2019	–	–	281,873	59,879	287,677	–	629,429
Net carrying value At 30 June 2019	–	–	20,811	2,320	5,810	–	28,941

Included in the Group and Company's property, plant and equipment are right-of-use assets of \$3,399,517 (1.7.2019: \$3,570,163) (Note 18).

The Singapore Land Authority had advised Bukit Batok Presbyterian Church (BBPC) as the title deed holders on 23 July 2019 that the 30-year lease renewal would be priced at \$7,704,070 and had to be paid upfront. The Session of PPCL agreed to pay for our 50% share of the said sum for use of the current premise over the 30-year lease period less sinking fund which stood at \$500,000 at the point of computation. Hence, PPCL made a payment of \$3,352,035 to BBPC on 20 August 2019.

**8 Loan receivable**

In November 2008, Providence Presbyterian Church Ltd ("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.

## 8 Loan receivable (cont'd)

In accordance with FRS 109, The Session of PPC fair valued the loan based on the market rate prevailing on loan inception dates of 2.50% 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	
	2020	2019
	\$	\$
Loan receivable:		
Repayable within 12 months (Note 11)	180,556	166,667
Repayable after 12 months	2,540,376	2,638,659
<b>Total</b>	<b>2,720,932</b>	<b>2,805,326</b>

## 9 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 8 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	
	2020	2019
	\$	\$
Deferred expenditure	1,524,227	1,524,227
Less: Amortisation	(495,376)	(444,568)
	<b>1,028,851</b>	<b>1,079,659</b>
Movement in amortisation:		
Balance at beginning of financial year	444,568	393,760
Amortisation charged to asset capitalisation reserve	50,808	50,808
Balance at end of financial year	<b>495,376</b>	<b>444,568</b>

## 10 Investment in subsidiary

The subsidiary has no share capital and is limited by guarantee. The details of the subsidiary at 30 June 2020 and 30 June 2019 are as follows:

Name	Country of incorporation	Effective interest held by the Company	
		2020	2019
		%	%
Providence Care Limited#	Singapore	100	100

## 10 Investment in subsidiary (cont'd)

The subsidiary company, Providence Care Limited ("PCL"), is a company limited by guarantee and incorporated in Singapore under the Companies Act, Chapter 50. The principal activities of PCL are those relating to the provision of tuition support services and counselling to needy individuals, families and members of the public.

The Company is exposed to and has rights to variable returns from its involvement with PCL and has the ability to affect those returns through its power over PCL. PCL carry out its activities as an extension of the objectives of the Company in educational support courses, services and counselling to the public.

# Audited by Baker Tilly TFW LLP

## 11 Other receivables and prepayments

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Prepaid expenses	40,666	46,542	40,666	46,542
Amount due from Providence Care Centre	32,958	15,150	–	–
Current portion of loan receivable (Note 8)	180,556	166,667	180,556	166,667
Deposits	5,368	5,242	4,916	4,916
Interest receivables	80,395	8,536	80,395	8,536
JSS grant receivables	213,211	–	179,129	–
Other receivables	6,210	95	6,210	–
	<b>559,364</b>	<b>242,232</b>	<b>491,872</b>	<b>226,661</b>

The amount due from Providence Care Centre is interest-free and repayable on demand.

Government grant receivables pertain to Jobs Support Scheme ("JSS") grant receivable. JSS was announced at Budget 2020, and further enhanced at Resilience, Solidarity and Fortitude Budgets. Under the JSS, the Government will co-fund between 25% to 75% of the first \$4,600 of gross monthly wages paid to each local employee in a ten-month period from April 2020 through cash subsidies.

The Group and Company is entitled to the JSS grants in accordance to FRS 20 Accounting for Government Grants and Disclosure of Government Assistance. As a result, the Group and Company recognised the JSS grant receivables of \$213,211 and \$179,129 respectively, a corresponding deferred grant income of \$146,705 and \$120,206 included in other payables (Note 13) and grant income of \$66,506 included in other income in the consolidated statement of comprehensive income.

## 12 Cash and cash equivalents

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Bank and cash balances	3,562,513	7,091,998	3,544,187	7,056,152
Fixed deposits	9,745,521	7,585,209	9,745,521	7,585,209
	<b>13,308,034</b>	<b>14,677,207</b>	<b>13,289,708</b>	<b>14,641,361</b>

**12 Cash and cash equivalents (cont'd)**

The fixed deposits are placed with a bank and mature within 12 months (2019: 12 months) from the balance sheet date. The interest rates of these deposits ranged from 1.20% to 1.93% (2019: 1.60% to 1.90%) per annum at balance sheet date.

**13 Other payables**

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Amount due to Orchard Road Presbyterian Church	61,610	66,678	61,610	66,678
Amount due to Bukit Batok Presbyterian Church	124,914	68,442	124,914	68,442
Amount due to The Presbyterian Church of Singapore – Chinese Presbytery	73,375	78,324	73,375	78,324
Provision for unutilised leave	61,642	25,935	61,642	25,935
Deferred grants (Note 11)	146,705	–	120,206	–
Other payables and accruals	483,242	363,120	478,631	340,218
	<b>951,488</b>	<b>602,499</b>	<b>920,378</b>	<b>579,597</b>

**14 Accumulated Income Fund**

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Balance at beginning of financial year	6,999,004	6,375,770	6,969,268	6,312,512
Surplus for the year	680,279	508,390	654,960	541,912
Transfer from Mission Fund (Note 15)	144,649	114,844	144,649	114,844
Balance at end of financial year	<b>7,823,932</b>	<b>6,999,004</b>	<b>7,768,877</b>	<b>6,969,268</b>

**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.

**15 Mission Fund**

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of financial year	150,000	100,000
Surplus for the year	144,649	164,844
Transfer to Accumulated Income Fund (Note 14)	(144,649)	(114,844)
	<hr/>	<hr/>
Balance at end of financial year	<b>150,000</b>	<b>150,000</b>
	<hr/>	<hr/>

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

Reconciliation of mission fund

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Cash and cash equivalents	150,000	150,000
	<hr/>	<hr/>
<b>Equity</b>		
Accumulated surplus brought forward	150,000	100,000
Net surplus for the financial year	144,649	164,844
Fund transferred to Accumulated Fund	(144,649)	(114,844)
	<hr/>	<hr/>
	<b>150,000</b>	<b>150,000</b>
	<hr/>	<hr/>

**16 Church Development Fund**

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of financial year	6,990,600	5,739,572
Surplus for the year	893,703	1,251,028
	<hr/>	<hr/>
Balance at end of financial year	<b>7,884,303</b>	<b>6,990,600</b>
	<hr/>	<hr/>

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

**16 Church Development Fund (cont'd)**

Reconciliation of church development fund

	2020 \$	2019 \$
<b>Non-current assets</b>		
Leasehold Land	3,352,035	—
<b>Current assets</b>		
Cash and cash equivalents	4,532,268	6,990,600
	<b>7,884,303</b>	<b>6,990,600</b>
<b>Equity</b>		
Accumulated surplus brought forward	6,990,600	5,739,572
Net surplus for the financial year	893,703	1,251,028
	<b>7,884,303</b>	<b>6,990,600</b>

**17 Asset Capitalisation Reserve**

	<b>Group and Company</b>	
	2020 \$	2019 \$
Balance at beginning of financial year	3,925,816	4,067,765
Deficit for the year	(70,911)	(141,949)
Balance at end of financial year	<b>3,854,905</b>	<b>3,925,816</b>

Fund was raised for the purpose of the \$5 million loan to The Bible Society of Singapore (Note 8).

**18 Lease liabilities**

**(a) The Group as a lessee**

*Nature of the Group's leasing activities*

The Group leases church premises and copiers from non-related parties. The leases have an average tenure of between two to thirty-five years.

The maturity analysis of the lease liabilities is disclosed in Note 21(b).

Information about leases for which the Group is a lessee is presented below:

18 Leases liabilities (cont'd)

(a) The Group as a lessee (cont'd)

*Amounts recognised in balance sheets*

*Carrying amount of right-of-use assets*

	<b>Group and Company</b>	
	<b>30.6.2020</b>	<b>1.7.2019</b>
	<b>\$</b>	<b>\$</b>
Classified within property, plant and equipment		
Church premises	3,379,586	3,541,390
Copiers	19,931	28,773
	<u>3,399,517</u>	<u>3,570,163</u>

*Carrying amount of lease liabilities*

	<b>Group and Company</b>	
	<b>30.6.2020</b>	<b>1.7.2019</b>
	<b>\$</b>	<b>\$</b>
Current	133,009	128,840
Non-current	3,308,314	3,441,323
	<u>3,441,323</u>	<u>3,570,163</u>

*Amounts recognised in profit or loss*

	<b>Group and Company</b>
	<b>2020</b>
	<b>\$</b>
Depreciation charge for the financial year of right-of-use assets (Note 7)	<u>170,646</u>
<i>Lease expense not included in the measurement of lease liabilities</i>	
Lease expense - short term leases	<u>—</u>
Interest expense on lease liabilities charged to assets capitalisation reserve	<u>88,487</u>

Total cash flows for the Group's and the Company's leases amounted to \$217,327.

As at 30 June 2020, the Group and the Company is not committed to any short-term leases.

## 18 Lease liabilities (cont'd)

### (a) The Group as a lessee (cont'd)

*Reconciliation of movements of liabilities to cash flows arising from financing activities*

	<b>Lease liabilities</b>
	<b>\$</b>
<b>2020</b>	
At beginning of financial year	–
Adoption of FRS 116	3,570,163
Changes from financing cash flows:	
- Repayments	(128,840)
- Interest paid	(88,487)
Non-cash changes:	
- Interest expense	88,487
At end of financial year	<u>3,441,323</u>

## 19 Operating lease commitments

The Group leases various office equipment and office premises from non-related parties under non-cancellable operating lease agreements. 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 8 to the financial statements.

As at 30 June 2019, commitments in relation to non-cancellable operating leases contracted for at the balance sheet date, but not recognised as liabilities, were as follows:

	Group and Company
	2019
	\$
Not later than one financial year	222,466
Later than one financial year but not later than five financial years	727,894
More than five financial years	2,609,516
	<u>3,559,876</u>

As disclosed in Note 3, the Group has adopted FRS 116 on 1 July 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheets as at 1 July 2019, except for short term and low value assets leases.

## 20 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	
	2020	2019
	\$	\$
Synod levy to The Presbyterian Church of Singapore - Chinese Presbytery	73,375	78,324

- (b) Compensation of directors and key management personnel

	Group	
	2020	2019
	\$	\$
Salaries and related costs	239,179	275,135
CPF	31,384	35,274
	<b>270,563</b>	<b>310,409</b>

These compensation were paid to 1 moderator (2019: 1 moderator), 2 pastors (2019: 2 pastors) who are chairman and prospective chairperson of their respective board of management of Congregations of the Group and 1 manager from the subsidiary company.

- (c) The annual remuneration of the Group's highest paid staff in the financial year are as follow:

	Group	
	2020	2019
	\$	\$
Number of staff in the following remuneration band: \$100,000 to \$200,000	2	3

## 21 Financial instruments

- (a) Categories of financial instruments

Financial instruments at their carrying amounts at the balance sheet date are as follows:

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<i>Financial assets</i>				
Financial assets at amortised cost	16,147,687	17,511,556	16,095,951	17,460,139
<i>Financial liabilities</i>				
Financial liabilities at amortised cost	4,181,359	576,564	4,176,748	553,662

## 21 Financial instruments (cont'd)

### (b) Financial risk management policies and objectives

The management monitors and manages the financial risks relating to the operations of the Group 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.

#### *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.

#### *Interest rate risk management*

The Group has other financial assets and fixed deposits as detailed in Note 8 and Note 12 to the financial statements that are exposed to insignificant interest rate risks.

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

#### *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. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. As the Group does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the balance sheet.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

## 21 Financial instruments (cont'd)

### (b) Financial risk management policies and objectives

#### *Credit risk management (cont'd)*

The credit loss for cash and cash equivalents, fixed deposits and other receivables are not significant as at 30 June 2020 and 30 June 2019.

#### *Liquidity risk management*

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

The table below summarises the maturity profile of the Group's and Company's non-derivative financial liabilities at end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less \$	1 to 5 years \$	Over 5 years \$	Total \$
<b>Group</b>				
<b>2020</b>				
Other payables	740,036	–	–	740,036
Lease liabilities	133,009	442,866	2,865,448	3,441,323
	<b>873,045</b>	<b>442,866</b>	<b>2,865,448</b>	<b>4,181,359</b>
<b>2019</b>				
Other payables	576,564	–	–	576,564
<b>Company</b>				
<b>2020</b>				
Other payables	735,425	–	–	735,425
Lease liabilities	133,009	442,866	2,865,448	3,441,323
	<b>868,434</b>	<b>442,866</b>	<b>2,865,448</b>	<b>4,176,748</b>
<b>2019</b>				
Other payables	553,662	–	–	553,662

### (c) Fair values of financial assets and liabilities

The fair value of the loan receivable approximate its carrying amount 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.

## **22 Event after the balance sheet date**

Subsequent to the outbreak of the Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of measures to curb the COVID-19 outbreak have been and continue to be implemented by the local authorities. The Group and Company is closely monitoring the development of the global COVID-19 situation and its impact on the Group and Company’s operations. As the final outcome relating to the pandemic remains uncertain, it is currently not possible to ascertain the full financial impact it may have on the financial performance of the Group and Company in 2020.

## **23 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 2019.

## **24 Authorisation of the financial statements**

The 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 2020 were authorised for issue in accordance with a resolution of the Board of Directors dated 20 November 2020.