

**PROVIDENCE PRESBYTERIAN CHURCH LTD  
AND ITS SUBSIDIARY**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2013**

# PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

## REPORT AND FINANCIAL STATEMENTS

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# **PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

## **REPORT OF THE DIRECTORS**

The Directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in funds of the Company for the financial year ended June 30, 2013.

### **1 DIRECTORS**

The Directors of the Company in office at the date of this report are:

Tang See Heem  
Pan Tong Yuen  
Tan Ching Eng  
Teo Yew Tiong  
Ong Guan Kai  
Chong Pin Siong  
Hong Jen Cien  
Ong Ah Hian  
Wong Nyuk Hien  
Khng Siew Hoon  
Lee Siak Eng  
Ong Pang Kit  
Low Lye Beng  
Goh Kwong Huang  
Tan Seow Ann (Appointed on June 7, 2013)  
Tan Cheh Ngen (Appointed on June 7, 2013)  
Lim Chye Kee (Appointed on July 14, 2013)

### **2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES OR DEBENTURES**

Neither at the end of the financial period nor at any time during the financial period did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

### **3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

As the Company is limited by guarantee, the requirements of Sections 201(6)(g), 201(6A)(h), 201(11) and 201(12) of the Singapore Companies Act are not applicable.

The Company is incorporated as a company limited by guarantee, the liability of each member of the Company is limited to an amount as may be required but not exceeding \$10.

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**REPORT OF THE DIRECTORS**

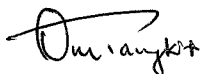
**4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS**

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

ON BEHALF OF THE DIRECTORS



.....  
Ong Ah Hian



.....  
Ong Pang Kit

November 20, 2013

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

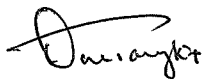
**STATEMENT OF DIRECTORS**

In the opinion of the Directors, the financial statements of the Group and the statement of financial position and statement of changes in funds of the Company as set out on pages 6 to 40 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at June 30, 2013 and of the results, changes in funds and cash flows of the Group and changes in funds of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS



.....  
Ong Ah Hian



.....  
Ong Pang Kit

November 20, 2013

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROVIDENCE PRESBYTERIAN CHURCH LTD**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Providence Presbyterian Church Ltd (the "Company") and its subsidiary (the "Group") which comprise the statements of financial position of the Group and the Company as at June 30, 2013, and the consolidated statement of income and expenditure and 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 a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 40.

### **Management's Responsibility 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 Singapore Companies Act (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act") and the Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide 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 balance sheets and profit and loss accounts to maintain accountability of assets.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PROVIDENCE PRESBYTERIAN CHURCH LTD**

**Opinion**

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in funds of the Company are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at June 30, 2013 and of the results, changes in funds and cash flows of the Group and changes in funds of the Company for the year ended on that date.

**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 have been properly kept in accordance with the provisions of the Act.

  
Public Accountants and  
Chartered Accountants  
Singapore

November 20, 2013

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2013**

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		\$	\$	\$	\$
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash and bank balances	6	5,112,189	4,135,219	5,098,846	2,329,629
Other receivables and prepayment	7	<u>241,691</u>	<u>259,562</u>	<u>252,378</u>	<u>4,012</u>
Total current assets		<u>5,353,880</u>	<u>4,394,781</u>	<u>5,351,224</u>	<u>2,333,641</u>
<b>Non-current assets</b>					
Plant and equipment	8	425,066	577,214	423,008	-
Subsidiary	9	-	-	-	-
Loan receivables	10	3,178,503	3,260,716	3,178,503	-
Deferred expenditure	11	<u>1,384,507</u>	<u>1,435,314</u>	<u>1,384,507</u>	-
Total non-current assets		<u>4,988,076</u>	<u>5,273,244</u>	<u>4,986,018</u>	-
<b>Total assets</b>		<u>10,341,956</u>	<u>9,668,025</u>	<u>10,337,242</u>	<u>2,333,641</u>
<b><u>LIABILITIES AND FUNDS</u></b>					
<b>Current liability</b>					
Other payables	12	<u>554,240</u>	<u>453,910</u>	<u>538,054</u>	<u>2,344,908</u>
<b>Funds</b>					
Mission Fund		100,000	471,859	100,000	-
Church Development Fund		4,248,078	4,364,987	4,248,078	-
Su Han Kuen Memorial Fund		322,710	322,710	322,710	-
Accumulated Income Fund (Losses)		<u>5,116,928</u>	<u>4,054,559</u>	<u>5,128,400</u>	<u>(11,267)</u>
Total funds		<u>9,787,716</u>	<u>9,214,115</u>	<u>9,799,188</u>	<u>(11,267)</u>
<b>Total liabilities and funds</b>		<u>10,341,956</u>	<u>9,668,025</u>	<u>10,337,242</u>	<u>2,333,641</u>

See accompanying notes to financial statements.



PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE AND COMPREHENSIVE INCOME (cont'd)

Year ended June 30, 2013

	2013			2012		
	Mission Fund	Church Development Fund	Accumulated Income Fund	Mission Fund	Church Development Fund	Accumulated Income Fund
Note	\$	\$	\$	\$	\$	\$
Less Expenditure:						
Rental of property and equipment	-	-	100,046	-	-	43,352
Rental of premises	-	175,970	-	-	173,340	-
Amortisation of deferred expenditure	-	50,807	-	-	50,807	-
Staff benefits	-	-	99,369	-	-	86,346
Utilities	-	-	104,463	-	-	116,025
Insurance	-	-	73,807	-	-	68,488
Outreach expenses	-	-	71,944	-	-	64,410
Professional fees/Trustee fees	-	-	59,211	-	-	60,663
Congregation care and fellowship	-	-	119,456	-	-	116,724
Sunday school	-	-	32,100	-	-	40,552
General expenses	-	-	34,133	-	-	35,099
Worship and music	-	-	49,788	-	-	49,370
Photocopy, printing and stationery	-	-	29,104	-	-	31,065
Contributions and welfare	-	-	2,042	-	-	21,172
Postages and telephone	-	-	11,377	-	-	9,483
Christian education	-	-	4,044	-	-	8,322
Audit and tax fee	-	-	24,227	-	-	18,344
			Total			Total
			\$			\$
			100,046			43,352
			175,970			173,340
			50,807			50,807
			99,369			86,346
			104,463			116,025
			73,807			68,488
			71,944			64,410
			59,211			60,663
			119,456			116,724
			32,100			40,552
			34,133			35,099
			49,788			49,370
			29,104			31,065
			2,042			21,172
			11,377			9,483
			4,044			8,322
			24,227			18,344

(See Note 1)

PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE AND COMPREHENSIVE INCOME (cont'd)

Year ended June 30, 2013

		2013		2012					
		(See Note 1)							
	Note	Mission Fund	Church Development Fund	Accumulated Income Fund	Total	Mission Fund	Church Development Fund	Accumulated Income Fund	Total
		\$	\$	\$	\$	\$	\$	\$	\$
Less Expenditure:									
Interest and bank charges		-	-	4,013	4,013	-	-	3,170	3,170
Care programme		-	-	1,610	1,610	-	-	-	-
Material for tuition		-	-	5,771	5,771	-	-	-	-
Tuition fee		-	-	118,327	118,327	-	-	105,664	105,664
Travelling, accommodation and transport		-	-	795	795	-	-	1,062	1,062
Property tax		-	-	21,183	21,183	-	-	30,569	30,569
Camp expenses		-	-	36,122	36,122	-	-	40,740	40,740
Total Expenditure	14	<u>483,134</u>	<u>226,777</u>	<u>3,253,378</u>	<u>3,963,289</u>	<u>386,535</u>	<u>224,147</u>	<u>3,332,674</u>	<u>3,943,356</u>
Surplus (Deficit) for the year before income tax		146,277	(116,909)	544,233	573,601	153,741	3,094	94,406	251,241
Income tax expense	15	-	-	-	-	-	-	(843)	(843)
Net surplus (deficit) total comprehensive income for the year		<u>146,277</u>	<u>(116,909)</u>	<u>544,233</u>	<u>573,601</u>	<u>153,741</u>	<u>3,094</u>	<u>93,563</u>	<u>250,398</u>

See accompanying notes to financial statements.

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**STATEMENTS OF CHANGES IN FUNDS**  
**Year ended June 30, 2013**

	Mission Fund	Church Development Fund	Su Han Kuen Memorial Fund	Accumulated Income Fund	Total
	\$	\$	\$	\$	\$
<u>Group</u>					
Balance at June 30, 2011	318,118	4,361,893	322,710	3,960,996	8,963,717
Total comprehensive income for the year	<u>153,741</u>	<u>3,094</u>	<u>-</u>	<u>93,563</u>	<u>250,398</u>
Balance at June 30, 2012	471,859	4,364,987	322,710	4,054,559	9,214,115
Total comprehensive income for the year	146,277	(116,909)	-	544,233	573,601
Fund transfer	<u>(518,136)</u>	<u>-</u>	<u>-</u>	<u>518,136</u>	<u>-</u>
Balance at June 30, 2013	<u>100,000</u>	<u>4,248,078</u>	<u>322,710</u>	<u>5,116,928</u>	<u>9,787,716</u>
<u>Company</u>					
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,267)</u>	<u>(11,267)</u>
Balance at June 30, 2012	-	-	-	(11,267)	(11,267)
Funds transfer (Note 1)	471,859	4,364,987	322,710	4,071,594	9,231,150
Total comprehensive income for the year	146,277	(116,909)	-	549,937	579,305
Fund transfer	<u>(518,136)</u>	<u>-</u>	<u>-</u>	<u>518,136</u>	<u>-</u>
Balance at June 30, 2013	<u>100,000</u>	<u>4,248,078</u>	<u>322,710</u>	<u>5,128,400</u>	<u>9,799,188</u>

See accompanying notes to financial statements.

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year ended June 30, 2013**

	<u>2013</u>	<u>2012</u>
	\$	\$
<b>Operating activities</b>		
Surplus for the year before income tax	573,601	251,241
Adjustments for:		
Depreciation expense	155,235	163,919
Interest income	(86,765)	(88,130)
Amortisation of deferred expenditure	<u>50,807</u>	<u>50,807</u>
Operating cash flow before movements in working capital	692,878	377,837
Other receivables and prepayment	3,932	8,630
Other payables	<u>100,330</u>	<u>14,398</u>
Cash generated from operations	797,140	400,865
Income tax paid	-	(13)
Net cash from operating activities	<u>797,140</u>	<u>400,852</u>
<b>Investing activities</b>		
Interest received	2,361	1,594
Purchase of plant and equipment	<u>(3,087)</u>	<u>(55,668)</u>
Net cash used in investing activities	<u>(726)</u>	<u>(54,074)</u>
<b>Financing activity</b>		
Loan repayment from third party, representing net cash from financing activity	<u>180,556</u>	<u>166,667</u>
Net increase in cash and bank balances	976,970	513,445
Cash and bank balances at beginning of year	<u>4,135,219</u>	<u>3,621,774</u>
Cash and bank balances at end of year	<u>5,112,189</u>	<u>4,135,219</u>

See accompanying notes to financial statements.

# PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

### 1 GENERAL

Providence Presbyterian Church Ltd (the "Company") (Registration number 201206026Z) was incorporated in the Republic of Singapore on March 9, 2012 with its principal place of business and registered office at 3 Orchard Road, Singapore 238825. The Company is limited by guarantee. It is also registered under the Charities Act, Chapter 37. The financial statements are expressed in Singapore dollars.

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.

On July 26, 2012, the Presbyterian Church in Singapore (Synod) approved the request to deregister Providence Presbyterian Church ("PPC"), a society formed under the Societies Act (Chapter 311), with effect from July 1, 2012. The principal activities of PPC were to be assumed by the Company which was set up solely for that purpose. On July 1, 2012, the Company took over the operations, the assets, liabilities and commitments of PPC at their carrying values as at June 30, 2012.

The assets and liabilities transferred to the Company by PPC are as follows:

	June 30, 2012 \$
<u>Assets</u>	
Cash and bank balances	1,786,345
Other receivables and prepayment	2,606,145
Plant and equipment	574,064
Loan receivables	3,260,716
Deferred expenditure	<u>1,435,314</u>
	<u>9,662,584</u>
<u>Liabilities</u>	
Other payables	<u>(431,434)</u>
Net assets transferred	<u>9,231,150</u>

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

1 GENERAL (cont'd)

The net assets which constitute capital contribution by PPC are reflected in the statements of financial positions as follows:

	June 30, 2012 \$
<u>Funds</u>	
Mission Fund	471,859
Church Development Fund	4,364,987
Su Han Kuen Memorial Fund	322,710
Accumulated Income Fund	<u>4,071,594</u>
Total	<u>9,231,150</u>

The comparative figures for the Group for 2012 have been prepared as if the Group's current structure in the form of a company set up limited by guarantee has been put in place since July 1, 2011.

PPC is a branch congregation of the Presbyterian Church in Singapore (Synod), and was officially inaugurated on January 1, 2005, as an independent congregation under the Chinese Presbytery of the Presbyterian Church in Singapore. Before January 1, 2005, PPC was part of The Presbyterian Church in Singapore ("The Church") under the Mandarin Congregation. From January 1, 2005, the Mandarin Congregation separated itself from The Church.

Pursuant to a Memorandum of Understanding ("MOU") between the Mandarin Congregation of the Orchard Road Presbyterian Church ("ORPC") with The Church dated November 10, 2004, the then Mandarin Congregation agreed to bear 35% (2012 : 40%) of the Operating Expenses and Upkeep of the Church.

Su Han Kuen Memorial Fund is set up from the Will of a member.

The consolidated financial statements of the Group and statement of financial position and statement of changes in funds of the Company for the financial year ended June 30, 2013 were authorised for issue by the Board of Directors on November 20, 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Financial Reporting Standards ("FRS"), and applicable provisions of the Charities Act (Chapter 37).

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**ADOPTION OF NEW AND REVISED STANDARDS** - On July 1, 2012, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below and in the notes to the financial statements.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group were issued but not effective:

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*

#### **FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements***

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation-Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

#### **FRS 112 *Disclosure of Interests in Other Entities***

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

## **PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

#### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

FRS 112 will take effect from financial years beginning on or after January 1, 2014.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs and consequential amendments to FRSs in future periods will not affect any of the amounts recognised in the financial statements in the period of their initial recognition, but will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

**BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the Company and the subsidiary which are controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the year are included in the consolidated statement of income and expenditure and comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in statement of income and expenditure and comprehensive income.

**BUSINESS COMBINATIONS** - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition-date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in income or expenditure as incurred.

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in income or expenditure.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in income or expenditure. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to statement of income or expenditure, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

**FINANCIAL INSTRUMENTS** - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Interest income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

##### **Financial assets**

##### Cash and bank balances

Cash and bank balances comprise cash on hand, cash at bank and demand deposits and are subject to an insignificant risk of changes in value.

##### Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

##### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For certain categories of financial asset, such as other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised the consolidated statement of income and expenditure and comprehensive income.

#### **Financial liabilities**

##### Other payables

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

**LEASES** - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to consolidated statement of income and expenditure and comprehensive income on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**PLANT AND EQUIPMENT** - Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the consolidated statement of income and expenditure and comprehensive income.

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

**DEFERRED EXPENDITURE** - Deferred expenditure incurred in connection with the lease of premise is amortised on a straight line basis over the period of the lease.

**IMPAIRMENT OF NON-FINANCIAL ASSETS** - At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of income and expenditure and comprehensive income unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income and expenditure and comprehensive income.

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

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

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

**INCOME AND EXPENDITURE RECOGNITION** - The Group's collections and offerings are recognised as and when they are received. Expenses are recorded on the accrual basis when the expenses have been incurred.

Interest income is accrued on a time proportion basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

## **PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

#### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans are charged as an expense when the employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of income and expenditure and comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in Singapore where PPC and the subsidiary operate by the end of the reporting period.

With effect from the Year of Assessment 2008, all registered charities are exempted from tax without having the need to meet the 80% spending rule. Therefore, the Company is not subject to any tax since financial year ended June 30, 2007.

**FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in funds of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements, transactions in currencies other than the respective entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income or expenditure for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income or expenditure for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

#### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the Session is required to exercise judgements, make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

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

In the process of applying the Group's accounting policies, which are described in Note 2, the management has not exercised any judgements that have a significant effect on the amounts recognised in the financial statements.

##### *Key sources of estimation uncertainty*

The management is of the opinion that there are no 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.

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT**

*(a) Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	<u>Group</u>		<u>Company</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$	\$
<b>Financial assets</b>				
Loans and receivables, at amortised cost:				
- Cash and bank balances	5,112,189	4,135,219	5,098,846	2,329,629
- Other receivables	51,642	61,301	62,429	-
- Loan receivables	<u>3,345,170</u>	<u>3,427,383</u>	<u>3,345,170</u>	<u>-</u>
Total	<u>8,509,001</u>	<u>7,623,903</u>	<u>8,506,445</u>	<u>2,329,629</u>
<b>Financial liabilities</b>				
Other payables, at amortised cost	<u>554,240</u>	<u>453,910</u>	<u>538,054</u>	<u>2,344,908</u>

*(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.

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (cont'd)

##### (ii) Interest rate risk management

The Group is exposed to interest rate risk through the impact of interest rate on its fixed deposits as detailed in Note 6 to the financial statements.

##### *Interest rate sensitivity*

The sensitivity analysis below has been determined based on the exposure to interest rates on the fixed deposit at the end of the reporting period and the stipulated change taking place at the beginning of the reporting period and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's surplus for the year ended June 30, 2013 would increase/decrease by approximately \$9,700 (2012 : increase/decrease by \$9,600).

The Group's sensitivity to interest rates has not changed significantly from the prior year.

##### (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.

The carrying amount of loan and other receivables represents 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 credit 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 other receivables and loan receivables are disclosed in Notes 7 and 10 to the financial statements respectively.

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (cont'd)

##### (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 end of the reporting period except for loan receivables as disclosed in Note 10 to the financial statements.

##### *Liquidity and interest risk analysis*

##### Non-derivative financial liabilities

No liquidity and interest risk analyses had been shown for the Group's and Company's non-derivative financial liabilities as the Group's and Company's non-derivative financial liabilities are non-interest bearing, contractually due on demand or within one year, and the undiscounted cash flows approximate their carrying amounts as reported in the statements of financial position.

##### Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT  
(cont'd)**

<u>Group</u>	<u>Weighted average effective interest rate</u> %	<u>On demand or within 1 year</u> \$	<u>Within 2 to 5 years</u> \$	<u>After 5 years</u> \$	<u>Adjustment</u> \$	<u>Total</u> \$
<b>2013</b>						
Cash and bank balances						
- Non-interest bearing	-	3,180,199	-	-	-	3,180,199
- Fixed interest rate	0.12	1,932,183	-	-	(193)	1,931,990
Other receivables	-	51,642	-	-	-	51,642
Loan receivables	-	<u>166,667</u>	<u>666,667</u>	<u>3,896,342</u>	<u>(1,384,506)</u>	<u>3,345,170</u>
Total		<u>5,330,691</u>	<u>666,667</u>	<u>3,896,342</u>	<u>(1,384,699)</u>	<u>8,509,001</u>
<b>2012</b>						
Cash and bank balances						
- Non-interest bearing	-	2,205,590	-	-	-	2,205,590
- Fixed interest rate	0.12	1,929,822	-	-	(193)	1,929,629
Other receivables	-	61,301	-	-	-	61,301
Loan receivables	-	<u>166,667</u>	<u>666,667</u>	<u>4,029,363</u>	<u>(1,435,314)</u>	<u>3,427,383</u>
Total		<u>4,363,380</u>	<u>666,667</u>	<u>4,029,363</u>	<u>(1,435,507)</u>	<u>7,623,903</u>
<b>Company</b>						
<b>2013</b>						
Cash and bank balances						
- Non-interest bearing	-	3,166,856	-	-	-	3,166,856
- Fixed interest rate	0.12	1,932,183	-	-	(193)	1,931,990
Other receivables	-	62,429	-	-	-	62,429
Loan receivables	-	<u>166,667</u>	<u>666,667</u>	<u>3,896,342</u>	<u>(1,384,506)</u>	<u>3,345,170</u>
Total		<u>5,328,135</u>	<u>666,667</u>	<u>3,896,342</u>	<u>(1,384,699)</u>	<u>8,506,445</u>
<b>2012</b>						
Cash and bank balances						
- Non-interest bearing	-	400,000	-	-	-	400,000
- Fixed interest rate	0.12	<u>1,929,822</u>	-	-	(193)	<u>1,929,629</u>
Total		<u>2,329,822</u>	-	-	(193)	<u>2,329,629</u>

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (cont'd)

(v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, other receivables and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

(c) *Capital risks 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 spendings 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 2012.

#### 5 RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following transactions with related parties:

	<u>2013</u>	<u>Group</u>	<u>2012</u>
	\$		\$
Synod levy	64,410		60,730
Donation	10,000		10,000
Missionary support	14,400		21,600
Course fee	1,284		890
Other miscellaneous expense	<u>742</u>		<u>10,550</u>

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**5 RELATED PARTY TRANSACTIONS (cont'd)**

*Compensation of directors and key management personnel*

The remuneration of directors and other members of key management of the Session during the year was as follows:

	<u>Group</u>	
	<u>2013</u>	<u>2012</u>
	\$	\$
Short-term benefits	126,612	334,610
Post-employment benefits	<u>14,366</u>	<u>35,968</u>
Total	<u>140,978</u>	<u>370,578</u>

The remuneration of key management is determined by the Personnel Committee and adopted by the Session in line with the Synod Pastoral Salary Guidelines and the annual surplus of the Company.

**6 CASH AND BANK BALANCES**

	<u>Group</u>		<u>Company</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$	\$
Cash on hand	6,519	3,707	6,000	-
Cash at bank	3,173,680	2,201,883	3,160,856	400,000
Fixed deposits	<u>1,931,990</u>	<u>1,929,629</u>	<u>1,931,990</u>	<u>1,929,629</u>
Total	<u>5,112,189</u>	<u>4,135,219</u>	<u>5,098,846</u>	<u>2,329,629</u>

Fixed deposits bear interest at 0.12% (2012 : 0.12%) per annum at end of the reporting period and are placed for a tenure of approximately 30 days (2012 : 30 days).

The Group's and Company's cash and bank balances are denominated in Singapore dollars, the functional currency of the respective entities.

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**7 OTHER RECEIVABLES AND PREPAYMENT**

	<u>Group</u>		<u>Company</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$	\$
Tax receivables	13	13	-	-
Other receivables	-	636	-	-
Prepaid expenses	23,382	31,594	23,283	4,012
Amount due from The Bible Society	-	13,889	-	-
Current portion of loan receivable (Note 9)	166,667	166,667	166,667	-
Amount due from a subsidiary	-	-	57,500	-
Security deposits	51,616	46,700	4,915	-
Interest receivables	13	63	13	-
<b>Total</b>	<u>241,691</u>	<u>259,562</u>	<u>252,378</u>	<u>4,012</u>

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

The Group's and Company's other receivables and prepayment are denominated in Singapore dollars, the functional currency of the respective entities.

**8 PLANT AND EQUIPMENT**

	<u>Office and musical equipment</u>	<u>Furniture and fittings</u>	<u>Renovation</u>	<u>Total</u>
	\$	\$	\$	\$
<u>Group</u>				
<b>Cost:</b>				
At July 1, 2011	424,542	72,180	358,289	855,011
Additions	<u>17,988</u>	<u>10,237</u>	<u>27,443</u>	<u>55,668</u>
At June 30, 2012	442,530	82,417	385,732	910,679
Additions	<u>3,087</u>	<u>-</u>	<u>-</u>	<u>3,087</u>
At June 30, 2013	<u>445,617</u>	<u>82,417</u>	<u>385,732</u>	<u>913,766</u>

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

8 PLANT AND EQUIPMENT (cont'd)

<u>Group</u>	<u>Office and musical equipment</u> \$	<u>Furniture and fittings</u> \$	<u>Renovation</u> \$	<u>Total</u> \$
<b>Accumulated depreciation:</b>				
At July 1, 2011	108,690	18,982	41,874	169,546
Depreciation	<u>90,007</u>	<u>15,541</u>	<u>58,371</u>	<u>163,919</u>
At June 30, 2012	198,697	34,523	100,245	333,465
Depreciation	<u>85,807</u>	<u>14,324</u>	<u>55,104</u>	<u>155,235</u>
At June 30, 2013	<u>284,504</u>	<u>48,847</u>	<u>155,349</u>	<u>488,700</u>
<b>Carrying amount:</b>				
At June 30, 2013	<u>161,113</u>	<u>33,570</u>	<u>230,383</u>	<u>425,066</u>
At June 30, 2012	<u>243,833</u>	<u>47,894</u>	<u>285,487</u>	<u>577,214</u>
 <u>Company</u>				
<b>Cost:</b>				
At June 30, 2012	-	-	-	-
Transfers from PPC (Note 1)	243,833	44,744	285,487	574,064
Additions	<u>3,087</u>	<u>-</u>	<u>-</u>	<u>3,087</u>
At June 30, 2013	<u>246,920</u>	<u>44,744</u>	<u>285,487</u>	<u>577,151</u>
<b>Accumulated depreciation:</b>				
At June 30, 2012	-	-	-	-
Depreciation	<u>85,807</u>	<u>13,232</u>	<u>55,104</u>	<u>154,143</u>
At June 30, 2013	<u>85,807</u>	<u>13,232</u>	<u>55,104</u>	<u>154,143</u>
<b>Carrying amount:</b>				
At June 30, 2013	<u>161,113</u>	<u>31,512</u>	<u>230,383</u>	<u>423,008</u>
At June 30, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**8 PLANT AND EQUIPMENT (cont'd)**

Depreciation during the year has been charged to the statement of income and expenditure and comprehensive income as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Depreciation:		
a) On assets of the Group	155,235	163,919
b) Allocated by The Presbyterian Church in Singapore	<u>101,637</u>	<u>93,695</u>
Total	<u>256,872</u>	<u>257,614</u>

**9 SUBSIDIARY**

	<u>Company</u>	
	<u>2013</u>	<u>2012</u>
	\$	\$
At cost	<u>*</u>	<u>*</u>

\* The subsidiary has no share capital and is limited by guarantee. The details of the subsidiary at June 30, 2013 are as follows:

<u>Name of Subsidiary</u>	<u>Country of incorporation and operation</u>	<u>Proportion of voting power held</u>		<u>Principal activity</u>
		<u>2013</u>	<u>2012</u>	
		%	%	
Providence Care Limited	Singapore	100	100	Educational support courses/ services and counselling to public

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**10 LOAN RECEIVABLES**

- (i) 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 the benefit of BSS not having to pay any interest on the \$5 million loan:

<u>Year</u>	<u>Rental rate</u>	<u>Total Rental</u>
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 equal monthly instalments of \$13,888.89 each, commencing from October 1, 2010.

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

	<u>Group</u>		<u>Company</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$	\$
<u>Loan receivables</u>				
Repayable within				
12 months (Note 6)	166,667	166,667	166,667	-
Repayable after 12 months	<u>3,178,503</u>	<u>3,260,716</u>	<u>3,178,503</u>	-
Total	<u>3,345,170</u>	<u>3,427,383</u>	<u>3,345,170</u>	-

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**11 DEFERRED EXPENDITURE**

The deferred expenditure pertains to the Day One difference between the fair value of the loan amount drawn down from the \$5 million interest free loan facility given by PPC to BSS for the purpose disclosed in Note 9 above and the notional loan amount drawn down. In essence, the Day One difference represents deferred benefits from the rental of part of the premises from BSS at below the market rental rate.

**12 OTHER PAYABLES**

	<u>Group</u>		<u>Company</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$	\$
Amount due to Providence Presbyterian Church	-	-	-	2,339,908
Amount due to The Presbyterian Church in Singapore	152,167	161,453	152,167	-
Other payables	328,610	190,001	312,724	-
Accruals	<u>73,463</u>	<u>102,456</u>	<u>73,163</u>	<u>5,000</u>
<b>Total</b>	<u><u>554,240</u></u>	<u><u>453,910</u></u>	<u><u>538,054</u></u>	<u><u>2,344,908</u></u>

Other payables are repayable on demand and they do not carry any interest charges.

The Group's and Company's other payables are denominated in Singapore dollars, the functional currency of the respective entities.

PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

13 CHURCH COLLECTIONS AND OFFERINGS

Group	2013				2012			
	Mission Fund	Church Development Fund	Accumulated Income Fund	Total	Mission Fund	Church Development Fund	Accumulated Income Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Envelope scheme offerings	-	-	2,236,781	2,236,781	-	-	2,012,730	2,012,730
Open plate offerings	-	-	1,296,168	1,296,168	-	-	1,154,902	1,154,902
Mission offerings	629,411	-	-	629,411	540,276	-	-	540,276
Sunday school offerings	-	-	64,230	64,230	-	-	52,852	52,852
Offerings for Church Development Fund	-	109,868	-	109,868	-	227,241	-	227,241
Total	<u>629,411</u>	<u>109,868</u>	<u>3,597,179</u>	<u>4,336,458</u>	<u>540,276</u>	<u>227,241</u>	<u>3,220,484</u>	<u>3,988,001</u>

PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

14 TOTAL EXPENDITURE

	<----- 2013 ----->		----- 2012 ----->					
<u>Group</u>	Mission Fund	Church Development Fund	Accumulated Income Fund	Total	Mission Fund	Church Development Fund	Accumulated Income Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Maintenance of the Pastoral Ministry</b>								
Moderator, Associate Minister, pastoral staff and secretaries	-	-	1,285,465	1,285,465	-	-	1,346,828	1,346,828
<b>Maintenance of properties</b>								
Church and halls								
- maintenance and insurance	-	-	211,151	211,151	-	-	153,932	153,932
- caretakers	-	-	40,571	40,571	-	-	48,748	48,748
- electrical and utilities	-	-	93,794	93,794	-	-	105,023	105,023
- organ and piano	-	-	6,434	6,434	-	-	6,077	6,077
	-	-	351,950	351,950	-	-	313,780	313,780

PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

14 TOTAL EXPENDITURE (cont'd)

	<----- 2013 ----->			----- 2012 ----->				
<u>Group</u>	Mission Fund \$	Church Development Fund \$	Accumulated Income Fund \$	Total \$	Mission Fund \$	Church Development Fund \$	Accumulated Income Fund \$	Total \$
<b>Church office expenses</b>								
Church manager and staff	-	-	148,351	148,351	-	-	150,182	150,182
Maintenance of office equipment	-	-	100,046	100,046	-	-	43,352	43,352
Printing and stationery	-	-	28,264	28,264	-	-	30,566	30,566
Postages and telephone	-	-	11,377	11,377	-	-	9,483	9,483
	-	-	<u>288,038</u>	<u>288,038</u>	-	-	<u>233,583</u>	<u>233,583</u>
<b>Outreach</b>								
Synod assessment	-	-	71,944	71,944	-	-	64,410	64,410



PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

14 TOTAL EXPENDITURE (cont'd)

Group	2013				2012			
	Mission Fund	Church Development Fund	Accumulated Income Fund	Total	Mission Fund	Church Development Fund	Accumulated Income Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Miscellaneous								
Depreciation	-	-	255,779	255,779	-	-	256,521	256,521
Professional fees/Trustee fees	-	-	52,716	52,716	-	-	54,305	54,305
Sundry expenses	-	-	39,048	39,048	-	-	40,377	40,377
Audit and tax fee	-	-	22,227	22,227	-	-	16,544	16,544
Expensed equipment	-	-	2,395	2,395	-	-	3,029	3,029
Transport claims	-	-	795	795	-	-	1,062	1,062
Advertisement	-	-	665	665	-	-	465	465
	-	-	373,625	373,625	-	-	372,303	372,303
Total	483,134	226,777	3,253,378	3,963,289	386,535	224,147	3,332,674	3,943,356

**PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

15 INCOME TAX EXPENSE

The total tax expense for the year can be reconciled to the accounting surplus as follows:

	<u>Group</u>	
	<u>2013</u>	<u>2012</u>
	\$	\$
Surplus before income tax	<u>573,601</u>	<u>251,241</u>
Income tax expense calculated at 17% (2012 : 17%)	97,512	42,711
Deferred tax assets not recognised	51,386	-
Exempt income	(149,004)	(42,711)
Non-deductible expenses	106	-
Overprovision in prior years	-	(87)
Others	-	930
Net	<u>-</u>	<u>843</u>

With effect from the Year of Assessment 2008, all registered charities are exempted from tax without having the need to meet the 80% spending rule. Therefore, the Company is not subject to any tax.

16 OPERATING LEASE ARRANGEMENTS

	<u>2013</u>	<u>2012</u>
	\$	\$
Minimum lease payments under operating leases recognised as an expense in the year (including the Group's 40% share of The Presbyterian Church in Singapore's expenses on the office equipment)	<u>467,956</u>	<u>414,102</u>

## PROVIDENCE PRESBYTERIAN CHURCH LTD AND ITS SUBSIDIARY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

#### 16 OPERATING LEASE ARRANGEMENTS (cont'd)

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Within one year	282,337	312,870
In the second to fifth years inclusive	840,619	678,388
After five years	<u>3,748,500</u>	<u>3,910,550</u>
Total	<u>4,871,456</u>	<u>4,901,808</u>

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 9 to the financial statements.

#### 17 COMPARATIVE FIGURES

##### Group

The consolidated financial statements of the Group for the year ended June 30, 2012 have been prepared as if the Group's current structure in the form of a company set up limited by guarantee has been put in place since July 1, 2011.

##### Company

The financial statements for 2013 cover the twelve months ended June 30, 2013.

The financial statements for 2012 covered the financial period from the date of incorporation of the Company on March 9, 2012 to June 30, 2012.