

Financial Statements

Hope Church (Singapore)

and its subsidiary

(Established under the Societies Act, Chapter 311)

For the year ended 31 December 2020

Church information

Church UEN number S93SS0023L

Registered office 2 Kallang Avenue
#06-05 CT Hub
Singapore 339407

Board of Directors Tan Ah Tuan (President)
Daniel Tan Gan Hong (Vice President)
Siah Kai Ming (Secretary)
Gerald Aw Jer-Weei (Treasurer)
Sham Chee Keat (Audit Head)
Jeffrey Chong Hock Joo (Ordinary Board Member)
Raphael Cheung Yiu Kwan (Ordinary Board Member)
Chio Yee Ming (Ordinary Board Member)
Leong Chung Nang (Ordinary Board Member)
Poy Yong Yew (Ordinary Board Member)
Tommy Lim Chee Heong (Ordinary Board Member)

Bankers DBS Bank Ltd
Oversea-Chinese Banking Corporation Ltd
Maybank Singapore Ltd
United Overseas Bank Limited

Independent auditor Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
24 Raffles Place, #07-03
Clifford Centre
Singapore 048621

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Directors' statement for the financial year ended 31 December 2020

In the opinion of the directors, the accompanying statements of financial position as at 31 December 2020, statements of comprehensive income, statements of changes in funds and statements of cash flows of the Group and the Church, together with the notes thereon, are properly drawn up in accordance with the provisions of the Societies Act, Cap. 311, the Singapore Charities Act, Chapter 37 and other relevant regulations and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and the Church as at 31 December 2020 and the results, changes in funds and cash flows of the Group and the Church for the year ended on that date; and at the date of this statement, there are reasonable grounds to believe that the Church will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



.....
TAN AH TUAN
President



.....
DANIEL TAN GAN HONG
Vice President

Dated: 2 June 2021

Independent auditor's report to the members of Hope Church (Singapore)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hope Church (Singapore) ("the Church") and its subsidiary ("the Group"), which comprise the statements of financial position as at 31 December 2020, and the statements of comprehensive income, statements of changes in funds and statements of cash flows of the Group and the Church for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Cap. 311 (the "Societies Act"), the Singapore Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Singapore Financial Reporting Standards ("FRS") so as to present fairly, in all material respects, the state of affairs of the Group and the Church as at 31 December 2020 and the results, changes in funds and cash flows of the Group and the Church for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). 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 and the Church 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 directors' statement section of the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with the SSAs.

Independent auditor's report to the members of Hope Church (Singapore) (Cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Societies Act, Charities Act and Regulations and FRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Directors are responsible for overseeing the Church'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.
- 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.

Independent auditor's report to the members of Hope Church (Singapore) (Cont'd)

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

- 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 to be kept by the Church and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act and the Charities Act and Regulations.


Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 2 June 2021

Statements of financial position as at 31 December 2020

		The Group		The Church	
		31 December	31 December	31 December	31 December
	Note	2020	2019	2020	2019
		\$	\$	\$	\$
ASSETS					
Non-Current					
Plant and equipment	3	2,566,820	3,174,675	2,566,820	3,174,675
Right-of-use assets	4	28,684,280	31,318,083	16,384,281	16,722,893
Investment in a subsidiary	5	-	-	15,000	15,000
		31,251,100	34,492,758	18,966,101	19,912,568
Current					
Inventories	6	8,532	10,210	8,532	10,210
Other receivables	7	683,045	635,351	899,509	888,243
Prepayments		107,954	120,269	98,341	115,466
Cash and cash equivalents	8	14,326,529	10,202,960	13,952,512	10,022,504
		15,126,060	10,968,790	14,958,894	11,036,423
Total assets		46,377,160	45,461,548	33,924,995	30,948,991
FUNDS AND LIABILITIES					
Funds					
General Fund		31,029,579	28,480,726	32,242,953	28,657,934
Building Fund	17	62,852	62,852	62,852	62,852
Mission Fund	18	736,764	710,074	736,764	710,074
Hope Fund (COVID-19)	19	90,531	-	90,531	-
Total Restricted Funds		890,147	772,926	890,147	772,926
Total funds		31,919,726	29,253,652	33,133,100	29,430,860
Liabilities					
Non-Current					
Provisions	9	50,760	50,760	50,760	50,760
Lease liabilities	10	12,444,325	13,716,627	39,048	50,583
		12,495,085	13,767,387	89,808	101,343
Current					
Trade and other payables	11	569,925	1,143,872	571,135	1,342,666
Provisions	9	120,123	63,601	119,417	63,008
Lease liabilities	10	1,272,301	1,233,036	11,535	11,114
		1,962,349	2,440,509	702,087	1,416,788
Total liabilities		14,457,434	16,207,896	791,895	1,518,131
Total funds and liabilities		46,377,160	45,461,548	33,924,995	30,948,991

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statements of comprehensive income for the financial year ended 31 December 2020

		The Group		The Church	
		Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
	Note	\$	\$	\$	\$
Income					
Tithes and thanksgiving	12	11,731,186	11,735,401	11,731,186	11,735,401
Programme income	13	86,519	966,814	86,519	966,814
Other income		1,411,697	263,008	1,173,542	261,291
Interest income		113,839	72,558	113,839	72,558
		13,343,241	13,037,781	13,105,086	13,036,064
Expenditure					
Programme expenses	14	(1,074,479)	(3,669,407)	(1,074,479)	(3,669,407)
Office and admin expenses		(326,322)	(357,270)	(301,569)	(324,923)
Depreciation		(2,654,882)	(2,209,822)	(1,148,168)	(1,084,470)
Facilities expenses	15	(651,664)	(1,780,942)	(2,217,866)	(3,051,842)
Personnel expenses	16	(4,737,323)	(4,672,890)	(4,674,574)	(4,603,357)
Finance cost		(457,832)	(330,843)	(1,829)	(2,084)
Other expenses		(791,886)	(37,543)	(1,582)	(29,056)
		(10,694,388)	(13,058,717)	(9,420,067)	(12,765,139)
Net surplus/(deficit) for the year before taxation and before restricted funds		2,648,853	(20,936)	3,685,019	270,925
Net income/(loss) from restricted funds					
Building fund	17	-	1,115,422	-	1,115,422
Mission fund	18	26,690	307,354	26,690	307,354
Hope Fund (COVID-19)	19	(9,469)	-	(9,469)	-
		17,221	1,422,776	17,221	1,422,776
Net surplus for the year before taxation and after restricted funds		2,666,074	1,401,840	3,702,240	1,693,701
Taxation	20	-	-	-	-
Net surplus for the year representing total comprehensive income for the year		2,666,074	1,401,840	3,702,240	1,693,701

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statements of changes in funds

for the financial year ended 31 December 2020

	<--- Restricted Funds --->				
	General Fund \$	Building Fund \$	Mission Fund \$	Hope Fund (COVID-19) \$	Total \$
The Group					
Balance at 1 January 2019	27,387,540	61,552	402,720	-	27,851,812
Net (deficit)/surplus for the year, representing total comprehensive (loss)/income for the year	(20,936)	1,115,422	307,354	-	1,401,840
Utilisation of fund for the funding of capital expenditure of New Tech Park	1,114,122	(1,114,122)	-	-	-
Balance at 31 December 2019	28,480,726	62,852	710,074	-	29,253,652
Net surplus/(deficit) for the year, representing total comprehensive income/(loss) for the year	2,648,853	-	26,690	(9,469)	2,666,074
Transfer from General fund to Hope fund (Covid-19)	(100,000)	-	-	100,000	-
Balance at 31 December 2020	31,029,579	62,852	736,764	90,531	31,919,726
The Church					
Balance at 1 January 2019	27,272,887	61,552	402,720	-	27,737,159
Net surplus for the year, representing total comprehensive income for the year	270,925	1,115,422	307,354	-	1,693,701
Utilisation of fund for the funding of capital expenditure of New Tech Park	1,114,122	(1,114,122)	-	-	-
Balance at 31 December 2019	28,657,934	62,852	710,074	-	29,430,860
Net surplus/(deficit) for the year, representing total comprehensive income/(loss) for the year	3,685,019	-	26,690	(9,469)	3,702,240
Transfer from General fund to Hope fund (Covid-19)	(100,000)	-	-	100,000	-
Balance at 31 December 2020	32,242,953	62,852	736,764	90,531	33,133,100

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statements of cash flows

for the financial year ended 31 December 2020

		The Group		The Church	
		Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
	Note	\$	\$	\$	\$
Cash Flows from Operating Activities					
Surplus for the year before taxation		2,666,074	1,401,840	3,702,240	1,693,701
Adjustments for:					
Depreciation of plant and equipment	3	809,556	743,742	809,556	743,742
Depreciation of right-of-use assets	4	1,845,326	1,466,080	338,612	340,728
Impairment on right-of-use asset		788,477	-	-	-
Gain on disposal of right-of-use assets		-	(2,376)	-	(2,376)
Interest expense on lease liabilities		457,832	330,843	1,829	2,084
Operating surplus before working capital change		6,567,265	3,940,129	4,852,237	2,777,879
Decrease/(Increase) in inventories		1,678	(2,943)	1,678	(2,943)
(Increase)/Decrease in other receivables		(41,643)	(305,433)	3,848	(283,760)
Decrease/(Increase) in prepayments		12,315	(37,047)	17,125	(51,313)
(Decrease)/Increase in trade and other Payables		(581,247)	121,216	(563,955)	116,264
Increase in provisions		56,522	9,838	56,409	10,061
Net cash generated from operating activities		6,014,890	3,725,760	4,367,342	2,566,188
Cash Flows from Investing Activity					
Purchase of plant and equipment	3	(201,701)	(2,550,625)	(201,701)	(2,550,625)
Fund to subsidiary		-	-	(5,799)	(13,961)
(Fund to)/repayment from related parties		(6,051)	(3,610)	(9,315)	135
Net cash used in investing activities		(207,752)	(2,554,235)	(216,815)	(2,564,451)
Cash Flows from Financing Activities					
Increase in deposits pledged with bank		-	(600,000)	-	(600,000)
Interest paid		(457,832)	(330,843)	(1,829)	(2,084)
Repayment of lease liabilities		(1,233,037)	(844,885)	(11,114)	(12,309)
Repayment to subsidiary		-	-	(214,876)	(58,584)
Fund from/(repayment to) related parties		7,300	(5,188)	7,300	(5,188)
Net cash used in financing activities		(1,683,569)	(1,780,916)	(220,519)	(678,165)
Net increase/(decrease) in cash and cash equivalents		4,123,569	(609,391)	3,930,008	(676,428)
Cash and cash equivalents at beginning of year		9,562,960	10,172,351	9,382,504	10,058,932
Cash and cash equivalents at end of year	8	13,686,529	9,562,960	13,312,512	9,382,504

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statements of cash flows (Cont'd)

for the financial year ended 31 December 2020

Reconciliation of liabilities arising from financing activities

The following is the disclosure of the reconciliation of liabilities arising from financing activities:

	As at 1 January 2020	Additions	Disposal of lease asset	Interest accretion	Financing cash flow	As at 31 December 2020
The Group	\$	\$	\$	\$	\$	\$
Lease liabilities	14,949,663	-	-	457,832	(1,690,869)	13,716,626
Due to related parties	15	-	-	-	7,300	7,315

	As at 1 January 2020	Additions	Disposal of lease asset	Interest accretion	Financing cash flow	As at 31 December 2020
The Church	\$	\$	\$	\$	\$	\$
Lease liabilities	61,697	-	-	1,829	(12,943)	50,583
Due to subsidiary	251,485	-	-	-	(214,876)	36,609
Due to related parties	15	-	-	-	7,300	7,315

	As at 1 January 2019	Additions	Disposal of lease asset	Interest accretion	Financing cash flow	As at 31 December 2019
The Group	\$	\$	\$	\$	\$	\$
Lease liabilities	3,799,376	12,028,354	(33,182)	330,843	(1,175,728)	14,949,663
Due to related parties	5,203	-	-	-	(5,188)	15

	As at 1 January 2019	Additions	Disposal of lease asset	Interest accretion	Financing cash flow	As at 31 December 2019
The Church	\$	\$	\$	\$	\$	\$
Lease liabilities	53,536	53,652	(33,182)	2,084	(14,393)	61,697
Due to subsidiary	310,069	-	-	-	(58,584)	251,485
Due to related parties	5,203	-	-	-	(5,188)	15

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the financial statements

for the financial year ended 31 December 2020

1 General information

Hope Church (Singapore) is registered as a society approved by the Registrar of Societies and as a charity under the Charities Act, Cap. 37.

The financial statements of the Group and of the Church for the year ended 31 December 2020 were authorised for issue in accordance with a resolution on the date of Directors' statement.

The registered office is located at 2 Kallang Avenue #06-05 CT Hub, Singapore 339407.

The principal activities of the Church are to promote personal lifestyle and values consistent with teachings of the Bible and to help anyone in need of any biblical help which the Church can provide regardless of race, sex, social status or religion.

The principal activities of the subsidiary company are disclosed in Note 5 to the financial statements.

The Church is not subject to the requirements of Regulation 7 (Fund-raising expenses) of the Charities (Fund Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012 as there were no fund-raising events during the year.

2(a) Basis of preparation

The financial statements of the Church and its subsidiary ("the Group"), expressed in Singapore dollars, which is the functional currency of the Church, have been prepared in accordance with the provision of the Societies Act, Cap.311, the Singapore Charities Act, Chapter 37 and other relevant regulations and Singapore Financial Reporting Standards ("FRS"), the financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, 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 revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

2(a) Basis of preparation (Cont'd)

Significant accounting estimates and judgements (Cont'd)

The critical accounting estimates and assumptions used and area involving a high degree of judgement are described below:

Depreciation of plant and equipment (Note 3)

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be within 2 to 10 years. The carrying amount of the Group's and Church's plant and equipment as at 31 December 2020 is \$2,566,820 (2019 - \$3,174,675). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. If the estimated useful lives of plant and equipment increase/decrease by 10% from management's estimates, the Group's and Church's deficit for the year will decrease/increase by approximately \$80,956 (2019 - \$73,374).

Provision for reinstatement costs (Note 9)

The Group and Church had recognised a provision for reinstatement obligations associated with a leased property. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rate, the expected cost to dismantle and remove plant and equipment from the leased property and the expected timing of those costs. The carrying amount of the provision as at 31 December 2020 was \$50,760 (2019 - \$50,760). If the estimated pre-tax discount rate used in the calculation had been 1% higher than management's estimate, the carrying amount of the provision would not be significantly changed.

Estimation of the incremental borrowing rate ("IBR") (Note 21)

For the purpose of calculating the right-of-use asset and lease liability, the Group applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the Group shall use its IBR applicable to the lease asset. The IBR is the rate of interest that the Group 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 asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as Church's credit rating). The carrying amount of the Group and the Church right-of-use assets and lease liabilities are disclosed in Note 4 and 10 respectively.

An increase/decrease of 50 basis points in the estimated IBR will decrease/increase the Group's and the Church's right-of-use assets and lease liabilities by approximately \$408,000 and \$6,000 respectively.

2(b) Adoption of new and revised standards

On 1 January 2020, the Group has adopted all the new and revised FRS, interpretations ("INT FRS") and amendments to FRS, effective for the current financial year that are relevant to them. The adoption of these new and revised FRS pronouncements does not result in significant changes to the Group's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

2(c) FRS not yet effective

At the date of authorisation of these financial statements, the following FRS were issued but not yet effective and are relevant to the Group, which the Group have not early adopted are:

Reference	Description	Effective date (Annual Periods beginning on)
Amendments to FRS 116	Covid-19 Related Rent Concessions	1 June 2020
Amendments to FRS 116	Covid-19 Related Rent Concessions extended beyond 30 June 2021	1 April 2021
Amendments to FRS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to FRS 37	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018 - 2020		1 January 2022
Amendments to FRS 1	Classification of Liabilities as Current or Non- current	1 January 2023

The Directors do not expect that the adoption of the above amendments / new standard will have any material impact on the financial statements in the period of initial application.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Church and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Church. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

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

Thus, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRS). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Church, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Church.

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Transactions with Non-Controlling Interest (Cont'd)

Changes in the Church owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Church.

Investment in subsidiary

In the Church's separate financial statements, investment in subsidiary is stated at cost less allowance for impairment loss, if any.

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Office and musical equipment	2 to 5 years
Furniture and fittings	5 to 10 years
Renovation	5 to 7 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal, respectively.

Fully depreciated assets are retained in the books of accounts until they are no longer in use.

The carrying amounts of plant and equipment are reviewed yearly in order to assess whether their carrying amounts need to be written down to recoverable amounts. Recoverable amount is defined as the higher of value in use and net selling price.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as changes in estimates.

Inventories

Inventories are carried at the lower of cost and net realisable value. Inventories consist of T-shirts and ferry tickets which are valued at cost.

Financial assets

The Group classifies its financial assets at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

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 the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the general approach to provide for expected credit losses on all other receivables. Under the general approach, the loss allowance is measured at an amount equal to 12-month expected credit losses or lifetime expected credit losses depending on the changes in its credit risk rating.

Cash and cash equivalents

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

Funds

Income and expenditure relating to the various specific funds specifically set up are taken directly to these funds. All other income and expenditure are reflected in profit or loss in General Fund.

General Fund

The general fund is set up to finance the operation of the Church and all other expenses to carry out the missions of the Church.

Restricted Funds

Restricted funds comprise specific funds set up to account for the contributions received for specific purposes. The following are restricted funds:

- Building Fund
- the building fund is set up to fund the acquisition and/or renovation of the properties.

2(d) Summary of significant accounting policies (Cont'd)

Funds (Cont'd)

Mission Fund - the mission fund is set up to support the mission work of the Church.

Hope Fund (COVID-19) - the hope fund was set up to help church members who are impacted financially due to COVID situation.

Financial liabilities

The Group's financial liabilities include trade and other payables and lease liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance cost" in profit or loss.

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

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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

Leases

(i) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these 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.

The lease liability 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 the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the 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 asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

(i) The Group as lessee (Cont'd)

(a) Lease liability

The lease liabilities are presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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 costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold properties: over lease term of 5 to 60 years

Office equipment: over lease term of 4 to 5 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position.

The Group applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

(ii) The Group as lessor

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from FRS 116, except for the classification of the sublease entered into that resulted in a finance lease classification.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in FRS 109 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Employee benefits

Pension obligations

The Group contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees.

The Group's contributions to CPF are charged to profit or loss in the year to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting year.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain managerial personnel are considered key management personnel of the Group.

Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

2(d) Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

Deferred tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Church if that person:
 - (i) has control or joint control over the Church;
 - (ii) has significant influence over the Church; or
 - (iii) is a member of the key management personnel of the Group or Church or of a parent of the Church.
- (b) An entity is related to Group and the Church if any of the following conditions applies:
 - (i) the entity and the Church are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Church or an entity related to the Church. If the Church is itself such a plan, the sponsoring employers are also related to the Church;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Impairment of non-financial assets

The carrying amounts of the Group's and the Church's non-financial assets subject to impairment are reviewed at the end of the reporting year to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2(d) Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets (Cont'd)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for the indication that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to reserves and funds.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of the impairment loss on a revalued asset is credited directly to reserves and funds under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim year that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting year.

Income recognition

The Group recognises revenue from contracts with customers based on a five-step model as set out in FRS 115:

- Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties create enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3: Determine the transaction price: The transaction price is the amount of the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more in an amount that depicts the amount of consideration to which the Group expects to entitle in exchange for satisfying each performance obligation.
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

2(d) Summary of significant accounting policies (Cont'd)

Income recognition (Cont'd)

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or extending a service to the customer, which is when the customer obtains control of the good or derived benefits from the usage of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Income is recognised on the following basis:

Income from tithes, thanksgiving and designated giving are recognised upon receipt.

Income from programme fee are recognised over the period of the programme.

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentive, if any, are recognised as an integral part of total lease income. Penalty payments on early termination, if any, are recognised when incurred.

Interest income is recognised on a time-apportioned basis using the effective interest rate method.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency at the primary economic environment in which that entity operates ("the functional currency"). The consolidated financial statements of the Group and the Church are presented in Singapore dollars, which is also the functional currency of the Church.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting year are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Financial instruments

Financial instruments carried on the statements of financial position include cash and bank balances, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management objectives and policies are provided in Note 23.

3 Plant and equipment

The Group and The Church	Furniture and fittings \$	Office and musical equipment \$	Renovation \$	Total \$
<u>Cost</u>				
At 1 January 2019	241,233	2,702,147	10,872,920	13,816,300
Additions	134,206	998,455	1,417,964	2,550,625
At 31 December 2019	375,439	3,700,602	12,290,884	16,366,925
Additions	-	101,570	100,131	201,701
At 31 December 2020	375,439	3,802,172	12,391,015	16,568,626
<u>Accumulated depreciation</u>				
At 1 January 2019	134,977	2,306,594	10,006,937	12,448,508
Depreciation for the year	42,321	250,539	450,882	743,742
At 31 December 2019	177,298	2,557,133	10,457,819	13,192,250
Depreciation for the year	53,338	374,968	381,250	809,556
At 31 December 2020	230,636	2,932,101	10,839,069	14,001,806
<u>Net book value</u>				
At 31 December 2020	144,803	870,071	1,551,946	2,566,820
At 31 December 2019	198,141	1,143,469	1,833,065	3,174,675

Fully depreciated assets are retained in the financial statements until they are no longer in use. The gross carrying amount of fully depreciated plant and equipment that is still in use amounted to approximately \$12,430,892 (2019 - \$12,294,540).

4 Right-of-use assets

The Group	Leasehold Properties \$	Office equipment \$	Total \$
<u>Cost</u>			
At 1 January 2019	22,690,152	53,536	22,743,688
Additions	11,974,702	53,652	12,028,354
Disposal*	-	(38,960)	(38,960)
At 31 December 2019 and 31 December 2020	34,664,854	68,228	34,733,082
<u>Accumulated depreciation</u>			
At 1 January 2019	1,957,073	-	1,957,073
Depreciation for the year	1,449,726	16,354	1,466,080
Disposal*	-	(8,154)	(8,154)
At 31 December 2019	3,406,799	8,200	3,414,999
Depreciation for the year	1,831,088	14,238	1,845,326
31 December 2020	5,237,887	22,438	5,260,325
<u>Accumulated impairment loss</u>			
Impairment loss for the year	788,477	-	788,477
31 December 2020	788,477	-	788,477
<u>Net book value</u>			
At 31 December 2020	28,638,490	45,790	28,684,280
At 31 December 2019	31,258,055	60,028	31,318,083

* Relates to early termination of a lease of office equipment, with no penalty.

Notes to the financial statements for the financial year ended 31 December 2020

4 Right-of-use assets (Cont'd)

The Church	Leasehold Properties \$	Office equipment \$	Total \$
<u>Cost</u>			
At 1 January 2019	18,944,312	53,536	18,997,848
Additions	-	53,652	53,652
Disposal*	-	(38,960)	(38,960)
At 31 December 2019 and 31 December 2020	18,944,312	68,228	19,012,540
<u>Accumulated depreciation</u>			
At 1 January 2019	1,957,073	-	1,957,073
Depreciation for the year	324,374	16,354	340,728
Disposal*	-	(8,154)	(8,154)
At 31 December 2019	2,281,447	8,200	2,289,647
Depreciation for the year	324,374	14,238	338,612
At 31 December 2020	2,605,821	22,438	2,628,259
<u>Net book value</u>			
At 31 December 2020	16,338,491	45,790	16,384,281
At 31 December 2019	16,662,865	60,028	16,722,893

* Relates to early termination of a lease of office equipment, with no penalty.

5 Investment in a subsidiary

The Church	2020 \$	2019 \$
Unquoted equity investments, at cost	15,000	15,000

Details of the subsidiary company are as follows:

<u>Name</u>	<u>Country of incorporation/ principal place of business</u>	<u>Effective percentage of equity held</u>		<u>Principal activities</u>
		2020 %	2019 %	
Hopespace Pte Ltd	Singapore	100	100	Carry on the business of auditorium operation and management services

6 Inventories

The Group and The Church	2020 \$	2019 \$
Ferry tickets	-	1,623
T-shirts	8,532	8,587
	8,532	10,210

Notes to the financial statements for the financial year ended 31 December 2020

7 Other receivables

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Subsidiary	-	-	190,752	184,953
Related parties				
- Hope Centre	12,793	7,796	12,312	4,051
- Hope SG Philippines	1,054	-	1,054	-
Third parties	124,968	38,329	66,323	36,751
Utilities and rental deposits	544,230	589,226	629,068	662,488
	683,045	635,351	899,509	888,243

Other receivables from subsidiary and related parties are unsecured, interest-free and repayable on demand.

Third parties' receivable are generally on 30 days (2019 - 30 days) credit term.

Other receivables are denominated in Singapore dollar.

8 Cash and cash equivalents

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Fixed deposits	7,282,026	7,203,089	7,282,026	7,203,089
Bank balance	7,034,536	2,998,459	6,660,935	2,818,465
Cash balance	9,967	1,412	9,551	950
	14,326,529	10,202,960	13,952,512	10,022,504

Fixed deposits with financial institutions mature between 4 to 12 months (2019 - 12 months) after the financial year end, with the effective interest rate of 1.56% (2019 - 1.86%) per annum. Fixed deposits are also callable on demand by the Group and the Church based on the cashflows requirements of the Group and the Church without incurring any significant penalties and interest costs.

Cash and cash equivalents are denominated in Singapore dollar.

For the purposes of the statements of cash flows, the year-end cash and cash equivalents comprise the following:

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Fixed deposits	7,282,026	7,203,089	7,282,026	7,203,089
Cash and bank balances	7,044,503	2,999,871	6,670,486	2,819,415
Restricted cash (deposit pledged with bank) ^(a)	(640,000)	(640,000)	(640,000)	(640,000)
	13,686,529	9,562,960	13,312,512	9,382,504

(a) Fixed deposit of the Group amounting to \$640,000 (2019 - \$640,000) are pledged as security for bankers' guarantees for the purpose of obtaining credit facilities.

Notes to the financial statements for the financial year ended 31 December 2020

9 Provisions

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Non-current portion	50,760	50,760	50,760	50,760
Current portion	120,123	63,601	119,417	63,008
	170,883	114,361	170,177	113,768

Non-current portion represents provision for reinstatement costs and current portion represents provision for unutilised leave.

Movement of provision for reinstatement cost:

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Balance at beginning	50,760	50,760	50,760	50,760
Unwinding of provision for the year	-	-	-	-
Balance at end	50,760	50,760	50,760	50,760

Movement of provision for unutilised leave:

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Balance at beginning	63,601	53,763	63,008	52,947
Utilised during the year	(63,601)	(53,763)	(63,008)	(52,947)
Provision for the year	120,123	63,601	119,417	63,008
Balance at end	120,123	63,601	119,417	63,008

10 Lease liabilities

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Maturity analysis:				
- Less than one year	1,690,867	1,690,867	12,943	12,943
- Two to five years	6,135,329	6,628,882	41,000	53,943
- Later than five years	8,454,700	9,652,015	-	-
	16,280,896	17,971,764	53,943	66,886
Less: Unearned interest	(2,564,270)	(3,022,101)	(3,360)	(5,189)
	13,716,626	14,949,663	50,583	61,697
Disclosed as:				
- Current liabilities	1,272,301	1,233,036	11,535	11,114
- Non-current liabilities	12,444,325	13,716,627	39,048	50,583
	13,716,626	14,949,663	50,583	61,697

Interest expense on lease liabilities of the Group and the Church of \$457,832 (2019 - \$330,843) and \$1,829 (2019 - \$2,084), respectively, is recognised within "finance costs" in the profit or loss.

Total cash outflows for all leases in the year of the Group and the Church amount to \$1,690,869 (2019 - \$1,175,728) and \$12,943 (2019 - \$14,393), respectively. The Group's lease liabilities are secured by the lessor's title to the leased assets. There are no restrictions or covenants imposed by the leases. Lease liabilities are denominated in Singapore dollar.

11 Trade and other payables

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade payables				
- Third parties	177,925	388,782	151,063	351,743
Other payables				
- Subsidiary	-	-	36,609	251,485
- Related parties	7,315	15	7,315	15
- Third parties	19,316	32,139	11,132	25,245
Accruals	365,369	722,936	365,016	714,178
	569,925	1,143,872	571,135	1,342,666

Other payables to subsidiary and related parties are unsecured, interest-free and repayable on demand.

Trade and other payables are generally on 30 days (2019 - 30 days) credit term.

Trade and other payables are denominated in Singapore dollar.

12 Tithes and thanksgiving

	2020	2019
	At a point in time	At a point in time
	\$	\$
The Group and The Church		
Tithes	11,572,402	10,972,121
Thanksgiving	158,784	763,280
	11,731,186	11,735,401

13 Programme income

	2020	2019
	At a point in time	At a point in time
	\$	\$
The Group and The Church		
Conference	-	557,708
Camp	10,976	304,642
Courses	75,543	100,057
Others	-	4,407
	86,519	966,814

14 Programme expenses

	2020	2019
	\$	\$
The Group and The Church		
General ministry expenses	541,479	1,569,975
Missions and outreach expenses	445,684	1,116,894
Events and programming expenses	87,316	982,538
	1,074,479	3,669,407

Notes to the financial statements for the financial year ended 31 December 2020

15 Facilities expenses

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Property management fees	131,597	126,761	2,011,554	1,937,627
Utilities expenses	75,443	144,449	44,049	85,924
Property tax expenses	1,372	70,370	12,000	48,000
Rental expenses	62,152	871,614	60,385	866,237
Insurance expenses	23,883	22,556	23,883	22,556
Cleaning/housekeeping expenses	144,920	156,678	26,257	2,500
Air-con maintenance and repair expenses	42,877	103,601	-	-
Other general maintenance and upkeep	72,621	116,439	829	15,002
Management and sinking fund	54,954	66,371	-	-
Electrical expenses	1,400	1,400	1,400	1,400
Small value purchases	24,225	43,803	24,225	43,302
Others	16,220	56,900	13,284	29,294
	651,664	1,780,942	2,217,866	3,051,842

16 Personnel expenses

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Key management personnel, including directors ^(a)				
- salaries, bonuses and related expenses	509,944	398,022	509,944	398,022
- contributions to defined contribution plan	72,975	57,394	72,975	57,394
Other than key management personnel				
- salaries, bonuses and related expenses	3,399,993	3,475,153	3,345,894	3,414,452
- contributions to defined contribution plan	530,993	545,876	523,310	537,702
- other personnel related expenses	223,418	196,445	222,451	195,787
	4,737,323	4,672,890	4,674,574	4,603,357

- (a) The directors of the Church and the subsidiary did not receive any compensation from the Church and the subsidiary for their designation as the directors of the Church and the subsidiary, except for the executive directors who are involved in the operational activities and management of the Church.

17 Building Fund

The Building Fund comprises of funds which were collected from the church congregation for the development of the Group and the Church's properties.

	The Group and The Church	
	2020	2019
	\$	\$
Balance at beginning	62,852	61,552
Receipts	-	1,115,422
Utilisation of fund for the funding of capital expenditure of New Tech Park ^(a)	-	(1,114,122)
Balance at end	62,852	62,852

- (a) In previous year, the Church raised and utilised \$1,114,122 for the sole purpose of developing its new premises at New Tech Park.

Notes to the financial statements for the financial year ended 31 December 2020

18 Mission Fund

The Mission Fund represents offerings collected from the Church congregation during weekly worship services to support the mission works of the Church.

	The Group and The Church	
	2020	2019
	\$	\$
Balance at beginning	710,074	402,720
Receipts	26,690	337,073
Disbursements	-	(29,719)
Surplus for the year	26,690	307,354
Balance at end	736,764	710,074

19 Hope Fund (COVID-19)

The Hope Fund (COVID-19) represents offerings collected from the Church congregation during weekly worship services to provide financial aid for church members whose financial situation was affected due to the COVID-19 situation.

	The Group and The Church	
	2020	
	\$	
Balance at beginning	-	
Receipts	308,480	
Disbursements	(317,949)	
Deficit for the year	(9,469)	
Transfer from General fund to Covid-fund	100,000	
Balance at end	90,531	

20 Taxation

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net surplus/(deficit) before restricted funds	2,648,853	(20,936)	3,685,019	270,925
Tax at statutory rate of 17%	450,305	(3,559)	626,453	46,057
Tax effect on non-deductible expenses	179,727	49,772	-	-
Utilisation of deferred tax assets not recognised in prior year	-	-	-	-
Singapore statutory stepped income exemption	-	(156)	-	-
Partial tax exemption and tax relief	(3,579)	-	-	-
Tax exemptions (Section 13 U(1))	(626,453)	(46,057)	(626,453)	(46,057)
	-	-	-	-

As a registered charity, the Church is exempted from tax on income and gains falling within section 13U (1) of the Income Tax Act to the extent that those are applied to its charitable objects.

There are no unutilised tax losses carried forward to offset against future taxable income.

21 Leases

(i) The Group as a lessee

(a) *Properties*

The Group leases two leasehold properties that are primarily used as an office premise and to conduct church operations. The Group makes monthly payments in exchange for the right to use these premises. The Group has also elected to exercise its option to extend two of the leasehold properties to the maximum period allowable of 13 years as long it is within the Group's interest to do so. These leasehold properties are recognised within the Group's right-of-use assets (Note 4).

The Group has made an upfront payment to secure two separate leasehold properties that are primarily used as office premises and to conduct church operations.

(b) *Office Equipment*

The Group makes monthly lease payments to acquire office equipment used to support church operations. This office equipment has been recognised as the Group's right-of-use assets. (Note 4).

The leases on the Group's and the Church's office equipment and leasehold properties on which the rentals are payable will expire between 3 Jul 2022 and 31 May 2026. The current rent payables on the leases range from \$353 to \$91,808 per month which are subject to revision on renewal.

(ii) The Group as a lessor

Rental of premises

The Group has rented out some area of its leasehold property which it primarily owned and used by the Group for the purpose of conducting its operations. The operating lease which the Group is the lessor carries a lease term of 2 years, renewable at prevailing rates.

These leases are classified as operating lease because the risks and rewards incidental to ownership of the assets are not substantially transferred to the third-party tenants.

The Group's rental income received from the operating leases are classified within other income.

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

	The Group 2020 \$	2019 \$
Undiscounted lease payments to be received:		
- Year 1	31,800	31,800
- Year 2	31,800	7,950
- Year 3	7,950	-
- Year 4	-	-
- Year 5	-	-
	71,550	39,750

22 Significant related party transactions

Related parties comprise entities which are members of the same group or consist of persons who are key management personnel of the Church and are board members of the entity (Hope Centre).

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions entered into by the Group with related parties at negotiated rates:

	2020 \$	2019 \$
The Group and The Church		
Donation to Hope Centre	210,000	400,000
Receive donation on behalf of Hope Centre	-	(100)
Repayment of staff loan collected on behalf of Hope Centre	(7,200)	-
Reimbursable cost paid on behalf of Hope Centre	8,743	7,796
Donation to Hope SG Philippines	72,000	72,000
Philippines conference income received on behalf of Hope SG Philippines	(100)	(49,280)
Philippines conference expense paid on behalf of Hope SG Philippines	-	111,580
Expenses paid for Hope SG Philippines	1,054	91,471
Accounting fees paid to J-W Aw Management Consultants LLP (*)	15,900	15,100

(*) A firm owned by a Board member.

23 Financial risk management objectives and policies

The Group's and Church's activities expose them to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's and Church's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and Church's financial performance.

23.1 Currency risk

The Group's and Church's foreign currency risk results mainly from cash flows and transactions denominated in foreign currencies. It is the Group's and the Church's policy not to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

The Group and Church are not exposed to currency risk as the financial assets and liabilities held are denominated in Singapore dollar.

23.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Church. The amounts owed are monitored on an ongoing basis. The Group and the Church are not exposed to significant concentration of credit risk.

As the Group and the Church do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The Group's and the Church's major classes of financial assets are cash and cash equivalents and other receivables. The Group and the Church place its cash and fixed deposits with reputable financial institutions.

Other Receivables

The Group applies the FRS 109 general approach to measuring expected credit losses which uses either a 12-month or a lifetime expected credit losses depending on the level of credit risk to measure loss allowance for all other receivables.

23 Financial risk management objectives and policies (Cont'd)

23.2 Credit risk (Cont'd)

Other Receivables (Cont'd)

To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are based on the payment profiles of income over a period of 36 month before the reporting date or the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

23.3 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in the market interest rate. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Church do not hold any quoted or marketable financial instrument, hence are not exposed to any movements in market prices.

23.4 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Church are exposed to interest rate risk through the impact of rate changes on interest bearing fixed deposits. Sensitivity analysis for changes in interest rate is not disclosed as the effect on profit or loss is considered not significant for the Group and the Church. The Group and the Church have no interest-bearing liabilities.

23.5 Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Church's liquidity risk is minimal as the Group and the Church maintain sufficient cash and cash equivalents and internally generated cash flows to finance its operating activities and committed liabilities.

The table below analyses the maturity profile of the Group's and the Church's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year \$	Between 2 and 5 years \$	Over 5 years \$	Total \$
The Group				
At 31 December 2020				
Trade and other payables	569,925	-	-	569,925
Lease liabilities	1,690,867	6,135,329	8,454,700	16,280,896
	2,260,792	6,135,329	8,454,700	16,850,821
At 31 December 2019				
Trade and other payables	1,143,872	-	-	1,143,872
Lease liabilities	1,690,867	6,628,882	9,652,015	17,971,764
	2,834,739	6,628,882	9,652,015	19,115,636

23 Financial risk management objectives and policies (Cont'd)

23.5 Liquidity risk (Cont'd)

	Less than 1 year \$	Between 2 and 5 years \$	Over 5 years \$	Total \$
The Church				
At 31 December 2020				
Trade and other payables	571,135	-	-	571,135
Lease liabilities	12,943	41,000	-	53,943
	584,078	41,000	-	625,078
At 31 December 2019				
Trade and other payables	1,342,666	-	-	1,342,666
Lease liabilities	12,943	53,943	-	66,886
	1,355,609	53,943	-	1,409,552

24 Funds management

The Group's and the Church's objectives when managing its funds are to safeguard and to maintain adequate working capital to continue as going concern and to develop its principal activities over the longer term through offerings, tithes, contributions and donations. There are no changes to these objectives since the previous financial year.

The Church seeks to maintain a reserve of up to three months' operating costs. The amount of reserves will be regularly reviewed by the directors to ensure that they are adequate to meet its operating needs and continuing obligations.

The Group and the Church monitor funds on the basis of the carrying amount of their General Fund as presented in the statements of financial position. There were no changes in the Group's approach to funds management during the year.

	The Group		The Church	
	2020 \$	2019 \$	2020 \$	2019 \$
Total expenditure (a)	10,694,388	13,058,717	9,420,067	12,765,139
General Fund (b)	31,029,579	28,480,726	32,242,953	28,657,934
(a)/(b)	34%	46%	29%	45%

The Group and the Church were not subject to externally imposed capital requirements for the years 2019 and 2020.

25 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	The Group		The Church	
	2020	2019	2020	2019
	\$	\$	\$	\$
<u>Financial assets at amortised cost</u>				
Other receivables (Note 7)	683,045	635,351	899,509	888,243
Cash and cash equivalents (Note 8)	14,326,529	10,202,960	13,952,512	10,022,504
	15,009,574	10,838,311	14,852,021	10,910,747
<u>Financial liabilities at amortised cost</u>				
Lease liabilities (Note 10)	13,716,626	14,949,663	50,583	61,697
Trade and other payables (Note 11)	569,925	1,143,872	571,135	1,342,666
	14,286,551	16,093,535	621,718	1,404,363

26 Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate their fair values.

The Group and the Church does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.