

**TELOK AYER CHINESE METHODIST CHURCH  
AND  
TELOK AYER CHINESE METHODIST CHURCH  
(TA2 SANCTUARY)**

**FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017**



**BAKER TILLY  
TFW**

Baker Tilly TFW LLP  
Chartered Accountants of Singapore

An independent member of Baker Tilly International

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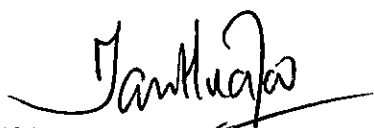
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**TELOK AYER CHINESE METHODIST CHURCH  
AND TELOK AYER CHINESE METHODIST CHURCH (TA2 SANCTUARY)**

**STATEMENT BY THE LOCAL CHURCH EXECUTIVE COMMITTEE**

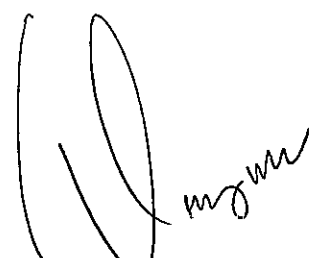
In the opinion of the Local Church Executive Committee, the financial statements for the financial year ended 31 July 2017 set out on pages 5 to 19 are properly drawn up in accordance with the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore, so as to present fairly, in all material respects, the financial position of the Church at 31 July 2017 and the financial performance, changes in accumulated fund and other funds, and cash flows for the financial year than ended on that date.

On behalf of the Local Church Executive Committee



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Mr. Tan Hua Joo  
Chairman



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Mr. Raymond Loo Teow Koon  
Church Treasurer

20 November 2017



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELOK AYER CHINESE METHODIST CHURCH AND TELOK AYER CHINESE METHODIST CHURCH (TA2 SANCTUARY)**

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

#### ***Opinion***

We have audited the accompanying financial statements of Telok Ayer Chinese Methodist Church and Telok Ayer Chinese Methodist Church (TA2 Sanctuary) (the "Church") as set out on pages 5 to 19, which comprise the balance sheet as at 31 July 2017, and the statement of comprehensive income, statement of changes in accumulated fund and other funds and statement of cash flows 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 Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Church as at 31 July 2017 and the financial results, changes in equity and cash flows of the Church for the year ended on that date.

#### ***Basis for Opinion***

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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***

The Local Church Executive Committee is responsible for the other information. The other information comprises the statement by the Local Church Executive Committee as set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TELOK AYER CHINESE METHODIST CHURCH AND  
TELOK AYER CHINESE METHODIST CHURCH (TA2 SANCTUARY) (cont'd)**

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

***Responsibilities of the Local Church Executive Committee and Those Charged with Governance for the Financial Statements***

The Local Church Executive Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the Charities Act and Regulations and FRSs, and for such internal control as the Local Church Executive Committee 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, Local Church Executive Committee is responsible for assessing 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 Church or to cease operations, or has no realistic alternative but to do so.

Those charged with the governance 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 Church's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Local Church Executive Committee.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TELOK AYER CHINESE METHODIST CHURCH AND  
TELOK AYER CHINESE METHODIST CHURCH (TA2 SANCTUARY) (cont'd)**

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


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

- Conclude on the appropriateness of Local Church Executive Committee'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 Church'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 Church to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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**

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



Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

20 November 2017

**TELOK AYER CHINESE METHODIST CHURCH  
AND TELOK AYER CHINESE METHODIST CHURCH (TA2 SANCTUARY)**

**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 July 2017

	Note	2017 \$	(Restated) 2016 \$
<b>Income</b>			
Sunday and other offerings		986,407	1,031,883
Pledges		1,056,741	1,043,812
Donations from members		154,752	93,577
Interest income		13,445	28,283
The Capstone Kindergarten		618,432	734,805
Other income		41,355	54,910
		<b>2,871,132</b>	<b>2,987,270</b>
<b>Less expenditure</b>			
Pastoral support	3	715,066	843,117
Maintenance of Church premises		208,739	183,708
Pulpit supplies		26,417	67,164
Congregational expenses		242,436	154,364
Administrative expenses		544,926	519,674
Church outreach programmes		73,316	62,441
Church commitments	4	165,204	157,287
Depreciation of property and equipment	6	43,185	38,811
The Capstone Kindergarten		620,327	654,162
Total expenditure	5	<b>2,639,616</b>	<b>2,680,728</b>
<b>Net surplus for the financial year</b>		<b>231,516</b>	<b>306,542</b>
Net (deficit)/surplus from:			
Asset capitalisation reserve	11	(643,968)	(643,967)
Other funds	12	119,530	184,509
<b>Total comprehensive loss for the financial year</b>		<b>(292,922)</b>	<b>(152,916)</b>

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

**TELOK AYER CHINESE METHODIST CHURCH  
AND TELOK AYER CHINESE METHODIST CHURCH (TA2 SANCTUARY)**

**BALANCE SHEET**

At 31 July 2017

	Note	2017 \$	2016 \$
<b>Non-current asset</b>			
Property and equipment	6	5,222,029	5,884,452
<b>Current assets</b>			
Sundry receivables	7	13,672	251,142
Cash and cash equivalents	8	3,451,802	2,956,742
		3,465,474	3,207,884
<b>Total assets</b>		8,687,503	9,092,336
<b>Current liability</b>			
Sundry payables	9	307,810	419,721
<b>Net assets</b>		8,379,693	8,672,615
<b>Funds</b>			
Accumulated fund	10	2,085,866	1,914,350
Asset capitalisation reserve	11	5,139,031	5,782,999
Other funds	12	1,154,796	975,266
<b>Total Funds</b>		8,379,693	8,672,615

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

**TELOK AYER CHINESE METHODIST CHURCH  
AND TELOK AYER CHINESE METHODIST CHURCH (TA2 SANCTUARY)**

**STATEMENT OF CHANGES IN ACCUMULATED FUND AND OTHER FUNDS  
For the financial year ended 31 July 2017**

	Accumulated fund \$	Asset capitalisation reserve \$	Other funds \$	Total funds \$
At 1 August 2015	1,408,027	6,601,020	816,484	8,825,531
Total comprehensive income/(loss) for the financial year	306,542	(643,967)	184,509	(152,916)
Fund transfers	(120,000)	152,571	(32,571)	–
Adjustment of depreciation previously charged to accumulated fund	319,781	(319,781)	–	–
Adjustment of over transfer of other fund to asset capitalisation reserve	–	(6,844)	6,844	–
At 31 July 2016	1,914,350	5,782,999	975,266	8,672,615
Total comprehensive income/(loss) for the financial year	231,516	(643,968)	119,530	(292,922)
Fund transfers	(60,000)	–	60,000	–
At 31 July 2017	<b>2,085,866</b>	<b>5,139,031</b>	<b>1,154,796</b>	<b>8,379,693</b>

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



**TELOK AYER CHINESE METHODIST CHURCH  
AND TELOK AYER CHINESE METHODIST CHURCH (TA2 SANCTUARY)**

**STATEMENT OF CASH FLOWS**

**For the financial year ended 31 July 2017**

	2017 \$	2016 \$
<b>Cash flows from operating activities:</b>		
Net surplus for the financial year	231,516	306,542
Net surplus from:		
Other funds	119,530	184,509
Adjustments for:		
Depreciation of property and equipment	43,185	38,811
Interest income	(13,445)	(28,283)
Operating surplus before working capital changes	380,786	501,579
Receivables	37,470	(842)
Payables	(127,348)	141,963
<b>Net cash from operating activities</b>	<b>290,908</b>	<b>642,700</b>
<b>Cash flow from investing activities</b>		
Interest received	28,882	5,710
Purchase of property and equipment	(24,730)	(227,375)
Repayment from/(loan to) Geylang Chinese Methodist Church	200,000	(200,000)
<b>Net cash from/(used in) investing activities</b>	<b>204,152</b>	<b>(421,665)</b>
<b>Net increase in cash and cash equivalents</b>	<b>495,060</b>	<b>221,035</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>2,956,742</b>	<b>2,735,707</b>
<b>Cash and cash equivalents at end of the financial year (Note 9)</b>	<b>3,451,802</b>	<b>2,956,742</b>

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

**TELOK AYER CHINESE METHODIST CHURCH  
AND TELOK AYER CHINESE METHODIST CHURCH (TA2 SANCTUARY)**

**NOTES TO THE FINANCIAL STATEMENTS  
For the financial year ended 31 July 2017**

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

**1. General information**

Telok Ayer Chinese Methodist Church and Telok Ayer Chinese Methodist Church (TA2 Sanctuary) is principally engaged in the propagation and spread of the Gospel of Jesus Christ.

The Church's principal place of operation is at 235 Telok Ayer Street, Singapore 068656.

**2. Summary of significant accounting policies**

**a) Basis of preparation**

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no significant judgments and estimates made during the financial year.

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

In the current financial year, the Church has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs has no material effect on the financial statements.

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

### a) Basis of preparation (cont'd)

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 July 2017 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Church, except as disclosed as follows:

#### *FRS 116 Leases*

FRS 116 replaces the existing FRS 17 'Leases'. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Church will assess the potential impact of FRS 116 and plans to adopt the standard on the required effective date.

### b) Recognition of income

Income from various sources is recognised on the following basis:

Offerings, pledges, contributions and donations - when received  
 School fee - on time proportion basis over the duration  
 Interest income - on a time proportion basis over the period of placement of the deposit

### c) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is charged so as to allocate the cost of the assets at annual rate using the straight-line method as follows:

	%
Freehold building	5
Furniture and office equipment	20
Musical equipment	20
Motor vehicles	20
Computers	33½
Electrical installation and air-conditioners	20

No depreciation is provided on freehold land.

On disposal of a property and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

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

When events or changes in circumstances indicate that the carrying value may not be recoverable, the carrying amount of the asset is written down to its recoverable amount.

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

### d) Asset capitalisation reserve

Specific donations used for the purchase of freehold land and buildings and related assets, which have been capitalised in the relevant property and equipment accounts are credited to the Asset Capitalisation Reserve. The depreciation charge of the relevant properties and related assets is accounted for in the Asset Capitalisation Reserve account.

### e) Employee benefits

#### *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for annual leave as a result of services by employees up to the balance sheet date.

#### *Defined contribution plans*

The Church contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Singapore Government. The Church's contributions to CPF are charged to profit or loss in the period in which the related service is performed.

### f) Income tax

The Church is a registered charity under the Charities Act and is exempted from income tax under the provisions of the Income Tax Act.

### g) Impairment of non-financial assets

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

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

### h) Financial assets

The Church classifies its financial assets according to the purpose for which the assets were acquired. The Church's only financial assets are loans and receivables which comprise sundry receivables (excluding prepayments) and cash and cash equivalents.

Loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. The Church assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. When such evidence exists, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

**2. Summary of significant accounting policies (cont'd)****i) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and fixed deposits, which are highly liquid assets, subject to an insignificant risk of change in value.

**j) Financial liabilities**

Financial liabilities include sundry payables. Financial liabilities are recognised on the balance sheet when, and only when, the Church becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

**3. Pastoral support**

	2017 \$	2016 \$
Pastors' salaries and related costs	360,638	435,043
Office and ministry staff salaries and related costs	296,659	362,349
Honorarium	3,240	2,400
Motor vehicles' maintenance	12,771	13,963
Pastors' retreat	—	2,805
Sundries	41,758	26,557
	715,066	843,117

Pastors' salaries and related costs, and office and ministry staff salaries and related costs include contributions to Central Provident Fund of \$67,384 (2016: \$74,109).

**4. Church commitments**

	2017 \$	2016 \$
Annual Conference Commitments	145,440	145,360
Donation to Annual Conference Board:		
- General Conference Commitment Funds	18,180	10,066
Others	1,584	1,861
	165,204	157,287

**5. Expenditure**

	2017 \$	2016 \$
Expenditure includes the following:		
- Salaries and related cost	1,423,728	1,533,981
- Contribution to Central Provident Fund	168,611	163,605

**6. Property and equipment**

	At 1.8.2016 \$	Additions \$	Write-off \$	At 31.7.2017 \$
<b>2017</b>				
<b>Cost</b>				
Freehold land	3	-	-	3
Freehold building	15,634,213	-	-	15,634,213
Furniture and office equipment	279,781	15,135	-	294,916
Musical equipment	268,018	-	-	268,018
Motor vehicles	167,521	-	-	167,521
Computers	108,449	9,595	-	118,044
Electrical installation and air-conditioners	1,662	-	-	1,662
	<b>16,459,647</b>	<b>24,730</b>	<b>-</b>	<b>16,484,377</b>
<b>Accumulated depreciation</b>				
Freehold building	9,907,104	621,250	-	10,528,354
Furniture and office equipment	194,252	37,503	-	231,755
Musical equipment	267,031	494	-	267,525
Motor vehicles	103,290	21,410	-	124,700
Computers	101,856	6,496	-	108,352
Electrical installation and air-conditioners	1,662	-	-	1,662
	<b>10,575,195</b>	<b>687,153</b>	<b>-</b>	<b>11,262,348</b>
	At 1.8.2015 \$	Additions \$	Write-off \$	At 31.7.2016 \$
<b>2016</b>				
<b>Cost</b>				
Freehold land	3	-	-	3
Freehold building	15,481,642	152,571	-	15,634,213
Furniture and office equipment	246,410	64,914	(31,543)	279,781
Musical equipment	268,018	-	-	268,018
Motor vehicles	167,521	-	-	167,521
Computers	98,559	9,890	-	108,449
Electrical installation and air-conditioners	25,392	-	(23,730)	1,662
	<b>16,287,545</b>	<b>227,375</b>	<b>(55,273)</b>	<b>16,459,647</b>
<b>Accumulated depreciation</b>				
Freehold building	9,285,815	621,289	-	9,907,104
Furniture and office equipment	191,071	34,724	(31,543)	194,252
Musical equipment	266,406	625	-	267,031
Motor vehicles	81,880	21,410	-	103,290
Computers	97,126	4,730	-	101,856
Electrical installation and air-conditioners	25,392	-	(23,730)	1,662
	<b>9,947,690</b>	<b>682,778</b>	<b>(55,273)</b>	<b>10,575,195</b>

**6. Property and equipment (cont'd)**

	At 2017 \$	At 2016 \$
<b>Net carrying value</b>		
Freehold land	3	3
Freehold building	5,105,859	5,727,109
Furniture and office equipment	63,161	85,529
Musical equipment	493	987
Motor vehicles	42,821	64,231
Computers	9,692	6,593
	<b>5,222,029</b>	<b>5,884,452</b>
Depreciation charge:		
Freehold building	621,250	621,289
Furniture and office equipment	37,503	34,724
Musical equipment	494	625
Motor vehicles	21,410	21,410
Computers	6,496	4,730
	<b>687,153</b>	<b>682,778</b>
Charged to Asset Capitalisation Reserve (Note 11)	<b>(643,968)</b>	<b>(643,967)</b>
Charged to Statement of Comprehensive Income	<b>43,185</b>	<b>38,811</b>

**7. Sundry receivables**

	2017 \$	2016 \$
Sundry deposits	2,339	19,159
Prepayment	4,367	8,760
Other receivable	-	650
Interest receivable	6,966	22,573
Loan to Geylang Chinese Methodist Church	-	200,000
	<b>13,672</b>	<b>251,142</b>

The loan, to be used solely for the borrower's building extension project, to Geylang Chinese Methodist Church was unsecured and interest-free. The loan was fully repaid during the financial year.

**8. Cash and cash equivalents**

	2017 \$	2016 \$
Cash at bank and on hand	1,172,920	1,448,576
Fixed deposits	2,278,882	1,508,166
	<b>3,451,802</b>	<b>2,956,742</b>

**8. Cash and cash equivalents (cont'd)**

The fixed deposits are placed with the bank and will mature on varying dates within 10 months (2016: 3 months) after the balance sheet date. The interest rates of these deposits at year end ranged from 0.75% to 1.20% (2016: 0.25% to 0.425%) per annum.

**9. Sundry payables**

	2017 \$	2016 \$
Provision for bonus	100,598	129,500
Accrued operating expenses	32,880	43,137
Sundry creditors	47,573	67,653
Deposit from a member	25,000	25,000
Deferred income	101,759	154,431
	<b>307,810</b>	<b>419,721</b>

**10. Accumulated fund**

	2017 \$	2016 \$
At 1 August	1,914,350	1,408,027
Transfer to Sinking Fund (Note 12)	(60,000)	(120,000)
Surplus for the year	231,516	306,542
Add: Adjustment of depreciation previously charged to accumulated fund	–	319,781
At 31 July	<b>2,085,866</b>	<b>1,914,350</b>

**11. Asset capitalisation reserve**

	2017 \$	2016 \$
At 1 August	5,782,999	6,601,020
Transfers from CBRE Fund (Note 12)	–	152,571
Net transfers	<b>5,782,999</b>	<b>6,753,591</b>
Less depreciation for:		
Building	(619,834)	(619,833)
Motor vehicles	(21,410)	(21,410)
Furniture and office equipment	(2,724)	(2,724)
Total depreciation charge (Note 6)	<b>(643,968)</b>	<b>(643,967)</b>
Less: Adjustment of depreciation previously charged to accumulated fund	–	(319,781)
Less: Adjustment of over transfer of other fund to asset capitalisation reserve	–	(6,844)
At 31 July	<b>5,139,031</b>	<b>5,782,999</b>



**12. Other funds**

	At 1.8.2016 \$	Additions \$	Expenditure \$	Fund Transfer \$	At 31.7.2017 \$
Endeavour Fellowship Fund	70,948	5,689	(2,317)	–	74,320
Women's Society of Christian Service	45,947	21,764	(17,630)	–	50,081
Mission Fund	49,700	267,497	(251,307)	–	65,890
Sinking Fund	240,000	–	–	60,000	300,000
Gwee Ah Leng Fund	5,405	10,000	(6,600)	–	8,805
Theological Fund	65,599	35,000	(37,700)	15,561	78,460
Musician Bursary Fund	15,561	–	–	(15,561)	–
Church Building Renovation and Extension Fund	375,914	115,143	(14,359)	–	476,698
Fund for the Needy	106,192	1,700	(7,350)	–	100,542
	<b>975,266</b>	<b>456,793</b>	<b>(337,263)</b>	<b>60,000</b>	<b>1,154,796</b>

- i) The purpose of the Endeavour Fellowship Fund is to finance the activities of the fellowship.
- ii) The purpose of the Women's Society of Christian Service Fund is to finance its own activities.
- iii) The purpose of Mission Fund is for mission awareness and activities.
- iv) The purpose of Sinking Fund is for whitewashing and major maintenance of the church building.
- v) The Gwee Ah Leng Fund is set up to provide financial assistance to the poor and needy families of church members.
- vi) The Theological Fund is set up to support theological students from the Church.
- vii) The Musician Bursary Fund is set up for the Church's budding musicians.
- viii) The Church Building Renovation and Extension Fund ("CBRE Fund") is set up to support the renovation of the Church.
- ix) The Fund for the Needy is set up to provide financial assistance to the poor and needy families of Church members.

**13. Significant related party transactions**

During the financial year, the following significant related party transactions took place between the Church and related parties on terms agreed by the parties concerned:

	2017 \$	2016 \$
Pastoral support - salaries and related cost	<b>360,638</b>	435,043

**14. Lease commitments**

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

	2017 \$	2016 \$
Not later than one financial year	6,215	3,107
Later than one financial year but not later than five financial years	12,429	9,322
	<b>18,644</b>	12,429

The leases do not provide for option to renew.

**15. Financial instruments***Categories of financial instruments*

Financial instruments as at balance sheet date are as follows:

	2017 \$	2016 \$
<u>Financial assets</u>		
<i>Loan and receivables</i>		
Sundry receivables (exclude prepayment)	9,305	242,382
Cash and cash equivalents	<b>3,451,802</b>	2,956,742
	<b>3,461,107</b>	3,199,124
 <u>Financial liabilities</u>		
<i>Financial liabilities at amortised cost</i>		
Sundry payables (excludes deferred income)	<b>206,051</b>	265,290

## 15. Financial instruments (cont'd)

### *Financial risk management*

The main risks arising from the Church's financial management are interest rate risk, credit risk and liquidity risk. The Church reviews and agrees policies for managing this risk and they are summarised below:

#### *Interest rate risk*

The Church is not exposed to significant interest rate risk as its only interest-bearing asset is the fixed deposits.

#### *Credit risk*

The Church has no significant credit risk exposure. The Church places its cash and fixed deposits with banks and financial institutions which are regulated. There are no financial assets that are past due and/or impaired.

#### *Foreign currency risk*

The Church has no financial assets and liabilities held in foreign currency.

#### *Liquidity risk*

The Local Church Executive Committee exercises prudent liquidity and cash flow risk management policies and aims at maintaining a high level of liquidity and cash flow at all times.

#### *Fair values*

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Church approximates their fair values.

## 16. Fund management

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 the school fees income and significant support in the form of donations.

## 17. Comparative figures

Certain comparatives in the statement of comprehensive income have been reclassified as follows to better reflect the nature of the transactions:

	As previously reported \$	Reclassifications \$	As restated \$
<i>Statement of comprehensive income</i>			
<u>Income</u>			
Donations from members	81,610	11,967	93,577
The Capstone Kindergarten	718,633	16,172	734,805
<u>Expenditure</u>			
Congregational expenses	113,795	40,569	154,364
The Capstone Kindergarten	666,592	(12,430)	654,162

**18. Authorisation of financial statements**

The financial statements of the Church for the financial year ended 31 July 2017 were authorised for issue in accordance with a resolution of the Local Church Executive Committee dated 20 November 2017.