

ALIVE COMMUNITY CHURCH

[UEN. T03SS0128C]

[Registered under the Societies Act
(Chapter 311) in the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the accompanying financial statements set out on pages 7 to 33 are drawn up so as to give a true and fair view of the state of affairs of the Church as at 31 December 2016 and the results, changes in funds and cash flows of the Church for the year then ended.

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.

The Management Committee, comprising the following, has on the date of this statement, authorised the issue of these financial statements.

President	Mathew Mathews
Vice President	Terence Leong Yoong Hwa
Secretary	Chang Chew Wai
Treasurer	Koh Cheow Khoon Richard
Assistant Treasurer	Peck Chai Hoon
Committee Member	Lai Sock Hwang
Committee Member	Lim Poh Lin Aileen
Committee Member	Sandra Henrietta Subner
Committee Member	Victor Chew Ban Chuan
Committee Member	Wong Wai Hoe

For and on behalf of the Management Committee,

Mathew Mathews
President

Koh Cheow Khoon Richard
Treasurer

Singapore,

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Independent auditors' report to the members of:

ALIVE COMMUNITY CHURCH
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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Alive Community Church (the "Church"), which comprise the statement of financial position as at 31 December 2016, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and the 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, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Church as at 31 December 2016 and the results, changes in funds 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.

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Other Information

Management is responsible for the other information. The other information comprises the Statement by the Management Committee included in page 2 but does not include the financial statements and our auditor's report thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and Financial Reporting Standards in Singapore, 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 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 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.

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

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 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 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.

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Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by the Church have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

Fiducia LLP

Public Accountants and
Chartered Accountants
Singapore,

Partner-in-charge: Lee Choon Keat
PAB No.: 01721

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 S\$	2015 S\$
ASSETS			
Current assets			
Cash and cash equivalents	5	493,553	392,294
Other receivables and prepayments	6	3,830	15,007
Amount owing from a related party	7	0	36,791
		<u>497,383</u>	<u>444,092</u>
Non-current assets			
Property, plant and equipment	8	<u>720</u>	<u>1,950</u>
Total assets		<u>498,103</u>	<u>446,042</u>
LIABILITIES			
Current liabilities			
Other payables and accruals	9	<u>79,554</u>	<u>63,363</u>
Total liabilities		<u>79,554</u>	<u>63,363</u>
NET ASSETS		<u>418,549</u>	<u>382,679</u>
FUNDS			
Unrestricted funds			
Accumulated general funds	10	362,807	322,607
Restricted funds			
Mission fund	10	46,523	49,818
Building fund		2,699	2,699
Annie C Ling ESD fund		<u>6,520</u>	<u>7,555</u>
		<u>418,549</u>	<u>382,679</u>

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016			2015		
		Unrestricted funds S\$	Restricted funds S\$	Total funds S\$	Unrestricted funds S\$	Restricted funds S\$	Total funds S\$
INCOME							
Income from generating funds	11	777,556	52,896	830,452	825,047	110,216	935,263
Income from charitable activities	11	107,685	0	107,685	55,762	0	55,762
Other income	11	19,187	0	19,187	9,728	0	9,728
Total income		<u>904,428</u>	<u>52,896</u>	<u>957,324</u>	<u>890,537</u>	<u>110,216</u>	<u>1,000,753</u>
EXPENDITURE							
Costs of charitable activities	12	754,573	57,226	811,799	628,676	111,352	740,028
Governance and other administrative costs	12	109,655	0	109,655	100,028	0	100,028
Total expenditure		<u>864,228</u>	<u>57,226</u>	<u>921,454</u>	<u>728,704</u>	<u>111,352</u>	<u>840,056</u>
NET INCOME/ (EXPENDITURE)		40,200	(4,330)	35,870	161,833	(1,136)	160,697
FUNDS BROUGHT FORWARD		<u>322,607</u>	<u>60,072</u>	<u>382,679</u>	<u>160,774</u>	<u>61,208</u>	<u>221,982</u>
FUNDS CARRIED FORWARD		<u>362,807</u>	<u>55,742</u>	<u>418,549</u>	<u>322,607</u>	<u>60,072</u>	<u>382,679</u>

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

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Balance at beginning of year S\$	Net income / (expenditure) for the year S\$	Balance at end of year S\$
2016			
Unrestricted funds			
Accumulated general fund	<u>322,607</u>	<u>40,200</u>	<u>362,807</u>
Restricted funds			
Mission fund	49,818	(3,295)	46,523
Building fund	2,699	0	2,699
Annie C Ling ESD fund	<u>7,555</u>	<u>(1,035)</u>	<u>6,520</u>
	<u>60,072</u>	<u>(4,330)</u>	<u>55,742</u>
	<u>382,679</u>	<u>35,870</u>	<u>418,549</u>
	Balance at beginning of year S\$	Net income / (expenditure) for the year S\$	Balance at end of year S\$
2015			
Unrestricted funds			
Accumulated general fund	<u>160,774</u>	<u>161,833</u>	<u>322,607</u>
Restricted funds			
Mission fund	48,878	940	49,818
Building fund	2,699	0	2,699
Annie C Ling ESD fund	<u>9,631</u>	<u>(2,076)</u>	<u>7,555</u>
	<u>61,208</u>	<u>(1,136)</u>	<u>60,072</u>
	<u>221,982</u>	<u>160,697</u>	<u>382,679</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 S\$	2015 S\$
Cash flows from operating activities			
Net income for the year		35,870	160,697
Adjustments for:			
- Bad debts written off of related party	12	36,791	0
- Depreciation of property, plant and equipment	8	1,230	41,302
- Interest income		(124)	(119)
Operating cash flow before working capital changes		<u>73,767</u>	<u>201,880</u>
Changes in working capital			
- Other receivables		11,177	(11,468)
- Other payables and accruals		<u>16,191</u>	<u>(15,337)</u>
Net cash generated from operating activities		<u>101,135</u>	<u>175,075</u>
Cash flows from investing activities			
Interest received		<u>124</u>	<u>119</u>
Net cash generated from investing activities		<u>124</u>	<u>119</u>
Cash flows from financing activities			
Amount owing from related parties		<u>0</u>	<u>8,788</u>
Net cash generated from financing activities		<u>0</u>	<u>8,788</u>
Net increase in cash and cash equivalents		101,259	183,982
Cash and cash equivalents at beginning of financial year		392,294	208,312
Cash and cash equivalents at end of financial year	5	<u><u>493,553</u></u>	<u><u>392,294</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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

1. General information

Alive Community Church ("the Church") was registered under the Societies Act (Chapter 311) on 15 August 2003. The Church became a registered charity under the Charities Act (Chapter 37) on 1 June 2004.

The Church is registered and domiciled in Singapore. The address of its registered office is located at 133 New Bridge Road, #13-10 Chinatown Point, Singapore 059413 and its principal place of activities is located at 10 Arumugam Road, #04-00 Lion Building A, Singapore 409957.

The principal activities of the Church are to propagate the gospel and teachings of the Christian faith and to provide welfare and community services both to its members and the public.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRSs"), the disclosure requirements of the Societies Act (Chapter 311) and Charities Act (Chapter 37). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollar (S\$), which is the Church's functional currency.

The preparation of these financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Church's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Interpretations and amendments to published standards effective in 2016

The Church has adopted the new or revised FRSs and Interpretations to FRSs ("INT FRSs") that are mandatory for application from that date. Changes to the Church's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRSs and INT FRSs. The following are the FRSs and INT FRSs that are relevant to the Church:

<u>FRS</u>	<u>Effective date</u>	<u>Title</u>
FRS 1	1.1.2016	Presentation of financial statements (Disclosure initiative)
FRS 19	1.1.2016	Employee benefits (Determining the discount rates for post-employment benefit obligations)

The adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the accounting policies of the Church and had no material effect on the amounts reported for the current or prior financial year.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.2 Standards issued but not yet effective

The Church did not early adopt the following relevant new/revised FRSs, INT FRSs and amendments to FRSs that were issued at the date of authorisation of these financial statements but not yet effective until future period:

FRS	Effective date	Title
FRS 109	1.1.2018	Financial instruments
FRS 115	1.1.2018	Revenue from contracts with customers
FRS 116	1.1.2019	Leases

Management believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Church's activities. Revenue is recognised as follows:

2.2.1 Donations, tithes and offerings

Donations, tithes and offerings are recognised as and when received.

2.2.2 Church camp fee

Church camp fee is recognised over the period in which the camp is held.

2.2.3 Sales of books, drinks and etc

Revenue from sales of books, drinks and etc are recognised upon delivery of the items sold.

2.2.4 Interest income

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

2.2.5 Other income

Other income is recognised upon receipt.

2. Significant accounting policies (Cont'd)

2.3 Expenditure recognition

All expenditure is accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 Cost of charitable activities

Cost of charitable activities comprises all directly attributable costs incurred in the pursuit of the charitable objects of the Church.

2.3.2 Governance and administrative costs

Governance costs include the costs of governance arrangement, which relate to the general running of the Church, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2.4 Property, plant and equipment

2.4.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

2.4.2 Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful life
Computers	1 year
Furniture and fittings	3 years
Music instruments	5 years
Office equipment	3 years
Renovation	3 years

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

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision of the residual values and useful lives are included in the statement of financial activities for the financial year in which the changes arise.

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Church and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

2.5 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

An impairment loss for an asset is reversed if; there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.6 Financial assets

2.6.1 Classification

The Church classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are classified within "Cash and cash equivalents", "Other receivables and prepayments" and "Amount owing from related parties" on the statement of financial position.

2.6.2 Recognition and derecognition

Usual purchases and sales of financial assets are recognised on trade-date – the date on which the Church commits to purchase or sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Church has transferred substantially all risks and rewards of ownership.

2.6.3 Measurement

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using effective interest method.

2.6.4 Impairment

The Church assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments is considered indicators that the receivable is impaired.

An allowance for impairment of loans and receivables including other receivables is recognised when there is objective evidence that the Church will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in statement of financial activities.

2. Significant accounting policies (Cont'd)

2.6 Financial assets

2.6.4 Impairment (Cont'd)

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment losses decrease and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits with financial institutions, which are subject to an insignificant risk of change in value.

2.8 Other receivables

Other receivables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.9 Amount owing from related parties

Amount owing from related parties are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.10 Financial liabilities

Financial liabilities are recognised when the Church becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Other payables and accruals" on the statements of financial position.

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expired. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.11 Other payables and accruals

Other payables and accruals are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.12 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Church has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2. Significant accounting policies (Cont'd)

2.13 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 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 Church or of a parent of the Church;
- (b) An entity is related to 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)
 - (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.

2. Significant accounting policies (Cont'd)

2.14 Employee compensation

2.14.1 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Church pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Church has no further payment obligations once the contribution has been paid. The Church's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2.14.2 Employment leaves entitlement

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2.15 Foreign currency translation

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at the closing rate at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial activities.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Church makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1.1 Estimated useful lives of property, plant and equipment

The Church reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

3. Critical accounting estimates, assumptions and judgements (Cont'd)

3.2 Critical judgements in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3.2.1 Allowance for impairment of receivables

The Church reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluates the risks of collection according to the credit standing and collection history of individual client. If there are indications that the financial position of a client has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

3.2.2 Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

4. Income tax

The Church is an approved charity and no provision for taxation has been made in the financial statements as it is exempted from income tax under Section 13(1) of the Income Tax Act.

5. Cash and cash equivalents

	2016 S\$	2015 S\$
Cash on hand	569	430
Cash at bank	<u>492,984</u>	<u>391,864</u>
	<u>493,553</u>	<u>392,294</u>

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair value.

6. Other receivables and prepayments

	2016 S\$	2015 S\$
Church camp fees receivables	360	7,039
Prepayments	<u>3,470</u>	<u>7,968</u>
	<u>3,830</u>	<u>15,007</u>

At the reporting date, the carrying amounts of other receivables and prepayments approximated their fair value.

7. Amount owing from a related party

	2016 S\$	2015 S\$
Amount owing by a related party	0	73,582
Less : Allowance for impairment of a related party	<u>0</u>	<u>(36,791)</u>
Closing balances	<u>0</u>	<u>36,791</u>

The amount owing by related parties is unsecured, non-interest bearing and repayable on demand.

The movement of allowance for impairment of a related party is as follows:

	2016 S\$	2015 S\$
At beginning of the financial year	36,791	36,791
Written off during the financial year	<u>(36,791)</u>	<u>0</u>
At end of the financial year	<u>0</u>	<u>36,791</u>

At the reporting date, the carrying amounts of amount owing by related parties approximated their fair value.

8. Property, plant and equipment

	Balance at beginning of year S\$	Additions S\$	(Written off) S\$	Balance at end of year S\$
2016				
At cost				
Computers	30,506	0	(4,661)	25,845
Office equipment	46,315	0	0	46,315
Furniture and fittings	10,024	0	(330)	9,694
Musical instruments	12,747	0	0	12,747
Renovation	74,164	0	0	74,164
	<u>173,756</u>	<u>0</u>	<u>(4,991)</u>	<u>168,765</u>
	Balance at beginning of year S\$	Depreciation charge S\$	(Written off) S\$	Balance at end of year S\$
Accumulated depreciation				
Computers	30,506	0	(4,661)	25,845
Office equipment	46,315	0	0	46,315
Furniture and fittings	10,024	0	(330)	9,694
Musical instruments	10,797	1,230	0	12,027
Renovation	74,164	0	0	74,164
	<u>171,806</u>	<u>1,230</u>	<u>(4,991)</u>	<u>168,045</u>
	Balance at beginning of year S\$			Balance at end of year S\$
Net book value				
Computers	0			0
Office equipment	0			0
Furniture and fittings	0			0
Musical instruments	1,950			720
Renovation	0			0
	<u>1,950</u>			<u>720</u>

8. Property, plant and equipment (Cont'd)

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2015				
At cost				
Computers	30,506	0	0	30,506
Office equipment	46,315	0	0	46,315
Furniture and fittings	10,024	0	0	10,024
Musical instruments	12,747	0	0	12,747
Renovation	74,164	0	0	74,164
	<u>173,756</u>	<u>0</u>	<u>0</u>	<u>173,756</u>
	Balance at beginning of year S\$	Depreciation charge S\$	(Written back/off) S\$	Balance at end of year S\$
Accumulated depreciation				
Computers	30,506	0	0	30,506
Office equipment	32,202	14,113	0	46,315
Furniture and fittings	9,187	837	0	10,024
Musical instruments	9,167	1,630	0	10,797
Renovation	49,442	24,722	0	74,164
	<u>130,504</u>	<u>41,302</u>	<u>0</u>	<u>171,806</u>
	Balance at beginning of year S\$			Balance at end of year S\$
Net book value				
Computers	0			0
Office equipment	14,113			0
Furniture and fittings	837			0
Musical instruments	3,580			1,950
Renovation	24,722			0
	<u>43,252</u>			<u>1,950</u>

9. Other payables and accruals

	2016 S\$	2015 S\$
Church camp accrued expenses	16,561	19,737
Other accruals	27,393	10,542
Staff costs and benefits	<u>35,600</u>	<u>33,084</u>
	<u>79,554</u>	<u>63,363</u>

At the reporting date, the carrying amounts of the other payables and accruals approximated their fair values and were denominated in the following currencies:

	2016 S\$	2015 S\$
Malaysian Ringgit	14,319	17,537
Singapore Dollar	<u>65,235</u>	<u>45,826</u>
	<u>79,554</u>	<u>63,363</u>

10. Funds

10.1 Accumulated general funds

The accumulated general funds represent the accumulated income of the Church. It is unrestricted and is for the purpose of meeting the expenditure in accordance with the objectives of the Church.

10.2 Mission fund

The Mission fund was established to support missionaries, missionary organisations and projects.

10.3 Building fund

The Building fund was established for the purpose of financing the Church's future purchase or construction of its own church building and renovation of the Church's premises.

10.4 Annie C Ling ESD fund

The Annie C Ling Education Social Development (ESD) fund was established in commemorate of Annie C Ling and the fund will be used to provide financial assistance to student for educational and character development purpose.

11. Income

	Unrestricted fund	Restricted funds			Total restricted funds S\$	Total funds S\$
	Accumulated general fund S\$	Mission fund S\$	Building fund S\$	Annie C Ling ESD fund S\$		
2016						
Income from generating funds						
Voluntary income						
- Tithes, offerings and pledges	777,556	52,696	0	200	52,896	830,452
Income from charitable activities						
Church camp fees	66,163	0	0	0	0	66,163
Sales of book, drinks and others	5,154	0	0	0	0	5,154
Church visitors	36,368	0	0	0	0	36,368
	107,685	0	0	0	0	107,685
Other income						
Bank interest	124	0	0	0	0	124
Wage credit scheme	19,063	0	0	0	0	19,063
	19,187	0	0	0	0	19,187
Total income	904,428	52,696	0	200	52,896	957,324

11. Income (Cont'd)

	Unrestricted fund	Restricted funds			Total restricted funds S\$	Total funds S\$
	Accumulated general fund S\$	Mission fund S\$	Building fund S\$	Annie C Ling ESD fund S\$		
2015						
Income from generating funds						
Voluntary income						
- Tithes, offerings and pledges	825,000	110,216	0	0	110,216	935,216
- Donation received	47	0	0	0	0	47
	<u>825,047</u>	<u>110,216</u>	<u>0</u>	<u>0</u>	<u>110,216</u>	<u>935,263</u>
Income from charitable activities						
Church camp fees	41,813	0	0	0	0	41,813
Sales of book, drinks and others	6,159	0	0	0	0	6,159
Church visitors	7,790	0	0	0	0	7,790
	<u>55,762</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,762</u>
Other income						
Bank interest	119	0	0	0	0	119
Wage credit scheme	9,609	0	0	0	0	9,609
	<u>9,728</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,728</u>
Total income	<u>890,537</u>	<u>110,216</u>	<u>0</u>	<u>0</u>	<u>110,216</u>	<u>1,000,753</u>

12. Expenditure

	Unrestricted fund	Restricted funds				Total funds S\$
	Accumulated general fund S\$	Mission fund S\$	Building fund S\$	Annie C Ling ESD fund S\$	Total restricted funds S\$	
2016						
Cost of charitable activities						
Church camp and retreat	83,168	0	0	0	0	83,168
Church expenses	8,804	0	0	0	0	8,804
CPF contributions	31,861	0	0	0	0	31,861
Donations	343,210	0	0	0	0	343,210
Gifts	385	0	0	0	0	385
Pastoral expenses	13,993	0	0	0	0	13,993
Purchase of books	501	0	0	0	0	501
Salaries, allowances and bonus	220,704	0	0	0	0	220,704
Staff welfare	4,481					4,481
Social concerns	300	0	0	0	0	300
Church visitors	46,826	0	0	0	0	46,826
Staff training	0	0	0	390	390	390
Mission support	0	55,991	0	845	56,836	56,836
Others	340	0	0	0	0	340
	<u>754,573</u>	<u>55,991</u>	<u>0</u>	<u>1,235</u>	<u>57,226</u>	<u>811,799</u>

12. Expenditure (Cont'd)

	Note	Unrestricted fund	Restricted funds				Total funds S\$
		Accumulated general fund S\$	Mission fund S\$	Building fund S\$	Annie C Ling ESD fund S\$	Total restricted funds S\$	
2016							
Governance and other administrative costs							
Audit fee		4,066	0	0	0	0	4,066
Bank charges		332	0	0	0	0	332
Bad debts written off of related party	14	36,791	0	0	0	0	36,791
Depreciation of property, plant and equipment	8	1,230	0	0	0	0	1,230
Insurance		4,419	0	0	0	0	4,419
Ministry expenses	13	25,715	0	0	0	0	25,715
Office expenses		2,676	0	0	0	0	2,676
Postage and courier		12	0	0	0	0	12
Printing and stationery		3,005	0	0	0	0	3,005
Refreshments		23,872	0	0	0	0	23,872
Repair and maintenance of premises		269	0	0	0	0	269
Telecommunications		7,268	0	0	0	0	7,268
		<u>109,655</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>109,655</u>
Total expenditures		<u>864,228</u>	<u>55,991</u>	<u>0</u>	<u>1,235</u>	<u>57,226</u>	<u>921,454</u>

12. Expenditure (Cont'd)

	Unrestricted fund	Restricted funds			Total restricted funds S\$	Total funds S\$
	Accumulated general fund S\$	Mission fund S\$	Building fund S\$	Annie C Ling ESD fund S\$		
2015						
Cost of charitable activities						
Church camp and retreat	58,260	0	0	0	0	58,260
Church expenses	20,685	0	0	0	0	20,685
CPF contributions	27,569	0	0	0	0	27,569
Donations	257,659	0	0	0	0	257,659
Gifts	561	0	0	0	0	561
Pastoral expenses	10,570	0	0	0	0	10,570
Purchase of books	1,870	0	0	0	0	1,870
Salaries, allowances and bonus	202,308	0	0	0	0	202,308
Staff welfare	2,427	0	0	0	0	2,427
Social concerns	336	0	0	0	0	336
Church visitors	45,652	0	0	0	0	45,652
Staff training	404	0	0	464	464	868
Mission support	0	109,276	0	1,462	110,738	110,738
Others	375	0	0	150	150	525
	<u>628,676</u>	<u>109,276</u>	<u>0</u>	<u>2,076</u>	<u>111,352</u>	<u>740,028</u>

12. Expenditure (Cont'd)

	Note	Unrestricted fund	Restricted funds			Total restricted funds S\$	Total funds S\$
		Accumulated general fund S\$	Mission fund S\$	Building fund S\$	Annie C Ling ESD fund S\$		
2015							
Governance and other administrative costs							
Audit fee		4,066	0	0	0	0	4,066
Bank charges		442	0	0	0	0	442
Depreciation of property, plant and equipment	8	41,302	0	0	0	0	41,302
Insurance		1,760	0	0	0	0	1,760
Ministry expenses	13	18,616	0	0	0	0	18,616
Office expenses		2,121	0	0	0	0	2,121
Postage and courier		795	0	0	0	0	795
Printing and stationery		2,614	0	0	0	0	2,614
Refreshments		20,984	0	0	0	0	20,984
Repair and maintenance of premises		388	0	0	0	0	388
Telecommunications		6,940	0	0	0	0	6,940
		<u>100,028</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,028</u>
Total expenditures		<u>728,704</u>	<u>109,276</u>	<u>0</u>	<u>2,076</u>	<u>111,352</u>	<u>840,056</u>

13. Ministry Expenses

	2016 S\$	2015 S\$
Cell ministry	30	0
Church outreach	7,704	7,620
Leaders ministry	574	576
Prayer ministry	343	37
Sound and video ministry	0	20
Sunday school ministry	9,507	4,615
Treasury department	8	32
Worship and music ministry	2,785	2,202
Youth/Sports ministry	4,764	3,514
	<u>25,715</u>	<u>18,616</u>

14. Related party transactions

14.1. The related party transactions during the financial year are as follows:

	2016 S\$	2015 S\$
Bad debts written off of a related party - Alive Community Network	<u>36,791</u>	<u>0</u>
Donations given to related parties - Alive Community Network	289,801	240,000
- Alive Community Enterprise	<u>3,836</u>	<u>3,029</u>
	<u>293,637</u>	<u>243,029</u>
Love offering to close family member of a key management personnel	<u>3,600</u>	<u>3,600</u>

Balance with related parties as at the reporting date is set out in Note 7.

14.2. The key management personnel compensation for the financial year is as follows:

	2016 S\$	2015 S\$
Short-term employee benefit - Salary, bonus and other related costs	142,940	131,138
Post-employment benefit - CPF contributions	<u>18,950</u>	<u>36,555</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Church, directly and indirectly.

14. Related party transactions (Cont'd)

14.3 The remuneration bands of the top three key executives are as follow:

Remuneration band (S\$)	2016 No. of personnel	2015 No. of personnel
Between S\$50,001 to \$100,000	1	1
Between S\$10,001 to \$50,000	<u>2</u>	<u>2</u>

Members of the management committee are volunteers and none received any remuneration or reimbursement during the year (2015: Nil).

15. Financial instruments and financial risk management

The Church is exposed to financial risks arising from its activities and the use of financial instruments. The key financial risks include credit risk, foreign currency risk and liquidity risk. The Management Committee reviews and agrees policies and procedures for the management of these risks, which are executed by the committee. The Church does not apply hedge accounting.

The following sections provide details regarding the Church's exposure to these risks:

15.1 Credit risk

Credit risk is the potential financial loss resulting from the counter party defaulting on its contractual obligations to the Church. The Church has no significant concentrations of credit risk.

Credit risk on liquid funds is limited because the counterparty is a bank with high credit rating assigned by international credit agencies.

15.2 Foreign currency risk

The Church transacts activities in Singapore Dollar. Foreign currency risk arises from expenses that took effect in currencies other than the functional currency Singapore Dollar.

The Church presently does not enter into foreign exchange contracts to hedge its foreign exchange risk resulting from cash flows from transactions denominated in foreign currencies, mainly Malaysian Ringgit. However, the Church reviews periodically that its net exposure is kept at an acceptable level.

As the Church transacts substantially in Singapore Dollar, it has only exposure to relatively immaterial liabilities in Malaysian Ringgit (Note 9), the Management Committee determined that sensitivity to the exchange rate changes does not impose significant impact on the results and activities of the Church.

15. Financial instruments and financial risk management (Cont'd)

15.3 Liquidity risk

Liquidity risk is the risk that the Church will encounter difficulty in meeting its financial obligations due to shortage of funds. The Church exposure to liquidity risk arises primarily from mis-matches of the maturities of financial assets or liabilities.

Management monitors and ensures that the Church maintains a level of cash and cash equivalents deemed adequate to finance the Church's activities.

The table below summarises the maturity profile of the Church's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2016			
Financial assets			
Cash and cash equivalents	493,553	0	493,553
Other receivables	360	0	360
	<u>493,913</u>	<u>0</u>	<u>493,913</u>
Financial liabilities			
Other payables and accruals	(79,554)	0	(79,554)
	<u>414,359</u>	<u>0</u>	<u>414,359</u>
2015			
Financial assets			
Cash and cash equivalents	392,294	0	392,294
Other receivables	7,039	0	7,039
Amount owing from related parties	36,791	0	36,791
	<u>436,124</u>	<u>0</u>	<u>436,124</u>
Financial liabilities			
Other payables and accruals	(63,363)	0	(63,363)
	<u>372,761</u>	<u>0</u>	<u>372,761</u>

15.4 Fair values

As at 31 December 2016, the carrying amounts of the financial assets and liabilities recorded in the financial statements of the Church approximate their fair values due to their short-term nature.

16. Reserve position and policy

The Church's reserve position for financial year ended 31 December 2016 is as follows:

		2016	2015	Increase / (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted funds			
	Accumulated general funds	363	323	12
B	Restricted or Designated funds			
	Designated funds	N/A	N/A	N/A
	Restricted funds	56	60	(7)
C	Endowment funds	N/A	N/A	N/A
D	Total funds	419	383	9
E	Total annual operating expenditure	921	840	10
F	Ratio of funds to annual operating expenditure (A/E)	0.39	0.38	

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total funds include unrestricted, restricted / designated and endowment funds.
- E. Total annual operating expenditure includes expenditure related to Cost of charitable activities and Governance and other operating and administration expenditure.

The Church's reserve policy is as follows:

The Church would hold its reserves up to a year's operational expenses.

17. Management of conflict of interest

During the financial year, none of the management committee members received any remuneration from the Church.

Management committee are required to disclose any interest that they may have, whether directly or indirectly, that the Church may enter into or in any organisations that the Church has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Church's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected management committee may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

18. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee of the Church on