

# **TAMIL METHODIST CHURCH - SHORT STREET**

**UEN: S87CC0512J**

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

**TAN KIA YEW & CO**

**Public Accountants and Chartered Accountants**

# TAMIL METHODIST CHURCH - SHORT STREET

*For the financial year ended 31 July 2020*

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## **TAMIL METHODIST CHURCH - SHORT STREET**

### **LOCAL CHURCH EXECUTIVE COMMITTEE'S STATEMENT**

*For the financial year ended 31 July 2020*

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In the opinion of the Local Church Executive Committee,

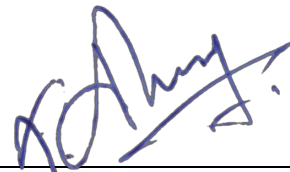
- a) the accompanying financial statements of Tamil Methodist Church - Short Street (hereafter to be called "Church") as set out on pages 5 to 21 are properly drawn up so as to present fairly, in all material respects, the financial position of as at 31 July 2020 and the financial performance, changes in total fund and cash flows of the Church for the financial year then ended.
- a) the Church is in compliance with the requirements of Regulation 7 (Fund-raising expenses) of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012.

On behalf of the Local Church Executive Committee



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Christopher Jayam  
Chairman - LCEC



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Jessy Birgediah S  
Treasurer - LCEC

Date: 2 October 2020

# TAN KIA YEW & Co

*Chartered Accountants of Singapore*

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMIL METHODIST CHURCH - SHORT STREET FOR THE YEAR ENDED 31 JULY 2020**

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

#### **Opinion**

We have audited the financial statements of Tamil Methodist Church – Short Street (the "Church"), which comprise the statement of financial position of the Church as at 31 July 2020, the statement of profit or loss and other comprehensive income, statement of changes in total funds and statement of cash flows of the Church for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 5 to 21.

In our opinion, the accompanying financial statements are properly drawn up in accordance with provision of Singapore Charities Act, Cap. 37 and other relevant regulations (the Charities Act and Regulations) and the Singapore 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 2020 and of the financial performance, changes in total 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.

#### **Other Information**

Management is responsible for the other information. The other information comprises the Local Church Executive Committee's Statement set out on page 1, but does not include the financial statements and our auditor's report thereon.

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF TAMIL METHODIST CHURCH - SHORT STREET FOR THE YEAR  
ENDED 31 JULY 2020 (Cont'd)**

**Responsibilities of Local Church Executive Committee for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Charities Act and Regulations, and FRSs, 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.

The Local Church Executive Committee's responsibilities include 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 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 judgment and maintain professional skepticism 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF TAMIL METHODIST CHURCH - SHORT STREET FOR THE YEAR  
ENDED 31 JULY 2020 (Cont'd)**

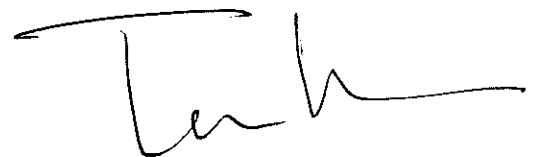
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Church's ability to continue as a going concern. If we 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 the Local Church Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

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

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 requirements of Regulation 7((Fund-raising expenses) of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012.



**TAN KIA YEW & CO  
Public Accountants and Chartered Accountants**

Singapore, 2 October 2020

## TAMIL METHODIST CHURCH - SHORT STREET

### STATEMENT OF FINANCIAL POSITION

As at 31 July 2020

	Note	2020 S\$	2019 S\$
<u>Designated and restricted fund</u>			
Building fund	3	573,255	559,065
Fixed capital fund	3	373,923	515,275
Property maintenance fund	3	398,443	329,453
<u>Designated and unrestricted fund</u>			
Mission fund	3	14,052	18,343
MAF fund		2,833	2,833
MYF fund		18,165	20,828
WSCS fund		37,580	37,106
Seniors fund		9,478	9,478
Evangelism fund	3	91,102	104,080
Social concerns fund		16,546	19,333
TSS fund		590	(410)
Worship & music fund		2,460	2,460
Fair value adjustment reserve	4	85,034	89,294
<u>Unrestricted fund</u>			
General fund		209,236	123,067
<b>Total funds</b>		<u>1,832,697</u>	<u>1,830,205</u>
<b>Non-current assets</b>			
Property, plant and equipment	6	373,923	515,275
Financial assets held at fair value through other comprehensive income (@FVOCI)	5	885,034	589,294
		<u>1,258,957</u>	<u>1,104,569</u>
<b>Current assets</b>			
Deposits and other receivables	7	12,080	7,124
Fixed deposits	8	300,000	200,000
Cash and bank balances	8	272,080	531,712
		<u>584,160</u>	<u>738,836</u>
<b>Less : Current liabilities</b>			
Accruals and other payables	9	10,420	13,200
		<u>10,420</u>	<u>13,200</u>
<b>Net current assets</b>		<u>573,740</u>	<u>725,636</u>
<b>Net assets</b>		<u>1,832,697</u>	<u>1,830,205</u>

The accompanying accounting policies and notes form an integral part of these financial statements

## TAMIL METHODIST CHURCH - SHORT STREET

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 July 2020

	Note	2020 S\$	2019 S\$
<b>Income</b>			
Tithes and pledges		260,511	261,804
Sunday offerings (including Sunday School)		27,405	41,293
Thanksgiving offerings		38,706	29,313
Missions		23,769	32,406
Evangelism income		6,153	8,947
Building fund		14,190	3,650
Social concerns		3,899	5,933
Small groups		8,440	16,116
Worship and music		2,970	3,510
Designated sunday offerings		4,010	16,052
Contributions towards TSS		1,000	1,640
Contributions towards property maintenance		4,060	14,130
Contributions from use of premises		64,930	65,340
Interest income		4,452	2,553
Other designated gifts		-	1,800
Other income		7,412	3,505
		<u>471,907</u>	<u>507,992</u>
<b>Less: Expenditure</b>			
Membership expenses		2,723	4,848
Evangelism		15,031	23,631
Small groups expenses		10,628	11,624
Social concerns expenses		6,686	2,900
TS Scholarship Expense		4,800	4,800
		<u>39,868</u>	<u>47,803</u>
<u>Missions</u>			
Missionary support		<u>27,950</u>	<u>27,800</u>
		<u>27,950</u>	<u>27,800</u>
<u>Christian education</u>			
Methodist message subscription		963	963
Miscellaneous - Christian education		1,381	487
Church retreats and camps		-	2,180
		<u>2,344</u>	<u>3,630</u>
<u>Sunday school</u>			
Sunday School activities		<u>2,877</u>	<u>2,455</u>
		<u>2,877</u>	<u>2,455</u>

The accompanying accounting policies and notes form an integral part of these financial statements



## TAMIL METHODIST CHURCH - SHORT STREET

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – CONT'D

For the financial year ended 31 July 2020

	Note	2020 S\$	2019 S\$
<u>Worship and music</u>			
Miscellaneous - Worship and music		5,646	6,053
		<u>5,646</u>	<u>6,053</u>
<u>Emmanuel Tamil Annual Conference (ETAC)</u>			
Conference commitment		121,213	126,119
Designated Sundays		4,010	8,602
Miscellaneous - ETAC		60	475
Gift of Hope		-	7,450
		<u>125,283</u>	<u>142,646</u>
<u>Administration</u>			
Audit fee		2,246	2,245
Bank charges		199	339
Depreciation of plant and equipment	6	18,366	20,366
Insurance		1,747	2,727
Miscellaneous		29	660
Other designated gift		-	1,800
Printing, stationery and postage		3,330	4,058
Refreshments		429	689
Staff salaries and CPF		52,754	88,220
Telephone		2,617	3,226
Transport		10	13
Web hosting		380	743
		<u>82,107</u>	<u>125,086</u>
<u>Property maintenance</u>			
Depreciation of property	6	122,986	122,986
Lift maintenance		7,688	8,602
Properties maintenance		15,462	88,224
Property tax		1,155	1,562
Utilities		31,789	34,491
		<u>179,080</u>	<u>255,865</u>
<b>Total expenditure</b>		465,155	611,338
<b>Surplus/(Deficit) for the financial year</b>		6,752	(103,346)
<u>Other comprehensive income/(loss)</u>			
Net change in financial assets @FVOCI	4	(4,260)	35,668
<b>Total comprehensive income/(loss) for the year</b>		<u>2,492</u>	<u>(67,678)</u>

The accompanying accounting policies and notes form an integral part of these financial statements

**TAMIL METHODIST CHURCH - SHORT STREET**

**STATEMENT OF CHANGES IN TOTAL FUNDS**

*For the financial year ended 31 July 2020*

	Fund													Total	
	Building	Fixed capital	Property maintenance	Mission	MAF	MYF	WSCS	Seniors	Evangelism	Social concerns	TSS	Worship & music fund	Fair value reserve		General
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>2020</u>															
As at 01.08.19	559,065	515,275	329,453	18,343	2,833	20,828	37,106	9,478	104,080	19,333	(410)	2,460	89,294	123,067	1,830,205
Surplus/(Deficit) for the year, representing Total comprehensive income/(loss)	14,190	(141,352)	4,060	(4,291)	-	(2,663)	474	-	(12,978)	(2,787)	1,000	-	(4,260)	151,099	2,492
Fund transfers	-	-	64,930	-	-	-	-	-	-	-	-	-	-	(64,930)	-
As at 31.07.20	<u>573,255</u>	<u>373,923</u>	<u>398,443</u>	<u>14,052</u>	<u>2,833</u>	<u>18,165</u>	<u>37,580</u>	<u>9,478</u>	<u>91,102</u>	<u>16,546</u>	<u>590</u>	<u>2,460</u>	<u>85,034</u>	<u>209,236</u>	<u>1,832,697</u>
<u>2019</u>															
As at 01.08.18	555,415	658,627	249,983	13,737	2,833	19,314	33,852	9,228	126,686	16,300	(2,050)	(4,510)	53,626	164,842	1,897,883
Surplus/(Deficit) for the year, representing Total comprehensive income/(loss)	3,650	(143,352)	14,130	4,606	-	1,514	3,254	250	(22,606)	3,033	1,640	6,970	35,668	23,565	(67,678)
Fund transfers	-	-	65,340	-	-	-	-	-	-	-	-	-	-	(65,340)	-
As at 31.07.19	<u>559,065</u>	<u>515,275</u>	<u>329,453</u>	<u>18,343</u>	<u>2,833</u>	<u>20,828</u>	<u>37,106</u>	<u>9,478</u>	<u>104,080</u>	<u>19,333</u>	<u>(410)</u>	<u>2,460</u>	<u>89,294</u>	<u>123,067</u>	<u>1,830,205</u>

*The accompanying accounting policies and notes form an integral part of these financial statements*

## TAMIL METHODIST CHURCH - SHORT STREET

### STATEMENT OF CASH FLOWS

For the financial year ended 31 July 2020

	Note	2020 S\$	2019 S\$
<b>Cash flows from/(used in) operating activities</b>			
Surplus/(Deficit) for the financial year		6,752	(103,346)
<u>Adjustments for:</u>			
Interest income		(4,452)	(2,553)
Depreciation of property, plant and equipment	6	<u>141,352</u>	<u>143,352</u>
Surplus before working capital changes		143,652	37,453
<u>Increase/(Decrease) in working capital:</u>			
Deposits and other receivables		(4,956)	805
Accruals and other payables		<u>(2,780)</u>	<u>350</u>
<b>Net cash from operating activities</b>		<u>135,916</u>	<u>38,608</u>
<b>Cash flows from/(used in) investing activities</b>			
Acquisition of plant and equipment	6	-	-
Acquisition of financial assets @FVOCI	5	(300,000)	(100,000)
Interest income		<u>4,452</u>	<u>2,553</u>
<b>Net cash used in investing activities</b>		<u>(295,548)</u>	<u>(97,447)</u>
<b>Net decrease in cash and cash equivalents</b>		(159,632)	(58,839)
<b>Cash and cash equivalents at beginning of year</b>		<u>731,712</u>	<u>790,551</u>
<b>Cash and cash equivalents at end of year</b>	8	<u>572,080</u>	<u>731,712</u>

The accompanying accounting policies and notes form an integral part of these financial statements

# TAMIL METHODIST CHURCH - SHORT STREET

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2020

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### 1. General information

#### 1.1 Country of registration and domicile

The Church (UEN: S87CC0512J) is a constituent member of the Emmanuel Tamil Annual Conference (ETAC) of The Methodist Church in Singapore and operates in Singapore.

#### 1.2 Principal activities

The Church's objects and activities are governed by the Constitution of The Methodist Church in Singapore.

#### 1.3 Charity and tax status

The Church is registered as a Charity under the Charities Act, Cap. 37 since 1 November 1987 and its income will be exempted from income tax under the provisions of the Income Tax Act.

#### 1.4 Authorisation of financial statements

The financial statements of the Church for the financial year ended 31 July 2020 were authorised for issue by the Executive Committee on the date of the Local Church Executive Committee' Statement.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention, except as otherwise disclosed in the accounting policies stated below.

On 1 July 2019, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for annual financial periods beginning on or after 1 January 2019. Changes to the Company's accounting policies have been made as required and in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the following FRS and INT FRS that are relevant to the Company did not result in any substantial changes to the Company's accounting policies or any significant impact on these financial statements:

<u>FRS No. #</u>		<u>Effective periods (annual periods beginning on or after)</u>
FRS 116 [N]	Leases	1 Jan 2019
Various FRSs [AI]	2015-2017 Cycle	1 Jan 2019

# refer to [N] New FRS, [A] FRSs amendments, [AI or I] FRSs annual improvements, [INT] Interpretation

## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 July 2020*

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

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

The preparation of financial statements in conformity with FRS requires the Executive Committee to exercise its judgement in the process of applying the Church's accounting policies. It also requires the use of accounting 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 Executive Committee's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are separately disclosed when necessary.

### 2.2 Recognition of income

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers and introduces new contract cost guidance. Revenue is measured based on the consideration to which the Church expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Church satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or 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.

Income from the various sources that are not specifically subject to any of the above considerations are recognised on the following basis: -

Tithes, pledges, donations and offerings	- on the date of receipt
Interest income	- on a time-proportioned basis
Contributions from use of premises	- on date of use

Tithes, pledges, donations and offerings are recognised on the date of receipt, since the Church has no knowledge of such income prior to their initial entry in the accounting records.

### 2.3 Fair values estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values.

### 2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, and demand deposits (but excludes deposits which are pledged to banks to secure credit), which are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 July 2020*

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

### 2.5 Significant accounting estimates and judgements

The preparation of the Church's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each financial year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Committee estimates the useful lives of these property, plant and equipment to be within 3 to 40 years. These are common life expectancies applied in the industry. 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. The carrying amount of the Church's property, plant and equipment at the end of the financial year is disclosed in Note 6 to the financial statements.

### 2.6 Impairment of assets

FRS 109 requires the Church to recognise an allowance for expected credit loss (ECLs) for all debt instruments not held at FVPL with a forward-looking ECL approach.

The Church apply the simplified approach and recognises loss allowances for lifetime ECL on debt financial assets that are measured at amortised cost.

The lifetime ECL is the ECL over the term of the financial assets, and is the shortfall of the probability weighted net present value of cash flows as compared to the carrying value of the debt financial asset.

At the end of each financial year, the Church assesses whether debt financial assets that are carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### 2.7 Employee benefits

#### a) Defined contribution plans

The Church's obligation, in regard to the defined contribution plans, is limited to the amount it contributes to the Central Provident Fund (CPF). The contributions are recognised as an expense in profit or loss as incurred.

#### b) Employee leave entitlement

Employees' entitlement to annual leave is recognised when they are accrued to the employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the financial year.

## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 July 2020*

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

##### 2.8 Impairment of non-financial assets

The Church assesses at the end of each financial year whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Church makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

##### 2.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. The cost of property, 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 property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the items.

Depreciation is calculated on the straight-line method to allocate the depreciable amount over their estimated useful lives as follows: -

	<u>Years</u>
Leasehold property	40
Air conditioning units	10
Sound system	3
Musical instrument	10
Renovation	5
Computers	3

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at the end of each financial year. On disposal or retirement of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss. Fully depreciated property, plant and equipment that are still in use are retained in the financial statements.

## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 July 2020*

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

### 2.10 Financial assets

#### *Initial recognition and measurement*

Financial assets are recognised when, and only when, the Church becomes a party to the contractual provisions of the financial instrument. The Church determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss (FVPL), directly attributable transaction costs.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss (FVPL).

Financial assets are measured at fair value through profit or loss (FVPL) unless it is measured at amortised cost in accordance or at fair value through other comprehensive income (FVOCI).

(ii) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(iii) Fair value through other comprehensive income (FVOCI)

#### *Investments in equity instruments*

On initial recognition of an investment in equity instrument that is not held for trading, the Church may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). Dividends from such investments are to be recognised in profit or loss when the Society's right to receive payments is established. For investments in equity instruments which the Society has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

#### *Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Church's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Church only has debt instruments at FVOCI.



## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 July 2020*

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

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

###### Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in retained earnings.

##### 2.11 Financial liabilities

###### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Church becomes a party to the contractual provisions of the financial instrument. The Church determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss (FVPL), directly attributable transaction costs.

###### Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

###### (i) Financial liabilities at fair value through profit or loss (FVPL)

Financial liabilities at fair value through profit or loss (FVPL) include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Church that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss (FVPL) are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

###### (ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss (FVPL) are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

###### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 July 2020*

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

### 2.12 Provisions

Provisions are recognised when the Church has a present obligation (legal or constructive) as a result of past events, and when it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.13 Functional and presentation currency

Items included in the financial statements of the Church are measured using the currency of the primary economic environment in which the Church operates (“the functional currency”). The financial statements of the Church are presented in Singapore dollars, which is the Church’s functional and presentation currency.

Items included in the statement of financial position are denominated in Singapore dollars unless otherwise stated.

## 3. Purposes of each fund

### 3.1 Building fund

This fund is set up with donations designated for the construction, renovation and replacement of the Church’s building. It may be invested as directed by the Local Church Executive Committee and any income derived from such investments is credited back to this Fund.

### 3.2 Fixed capital fund

This fund was initially set up on 1 July 1995 by the transfers from the General Fund and the Building Fund with the amount equivalent to the carrying amount of property, plant and equipment on that date. It will be credited with amounts for the purchase of property, plant and equipment and will be debited with depreciation charges and the carrying amount of any plant and equipment disposed of or retired in each financial year. It effectively represents the carrying amount of the property, plant and equipment at the end of each financial year.

### 3.3 Property maintenance fund

This fund is set up with donations designated for property maintenance and is also credited with donations received for use of the Church premises. It may be invested as directed by the Local Church Executive Committee and any income derived from such investments is credited back to this Fund. The Fund may be used for the major periodic maintenance work to the Church’s building and permanent fixtures.

## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2020

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#### 3. Purposes of each fund (cont'd)

##### 3.4 Missions fund

This fund is set up with donations designated for missions and is used to meet any shortfall in missions support during the financial year.

##### 3.5 Evangelism fund

This fund is set up to fund evangelism outreach programmes.

#### 4. Fair value adjustment reserve

This reserve records the cumulative fair value changes of financial assets @FVOCI until they are derecognised.

#### 5. Financial assets held at fair value through other comprehensive income (FVOCI)

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Fair value at beginning of financial year	589,294	453,626
New funds injection	300,000	100,000
Fair value changes for the year	(4,260)	35,668
Fair value at end of financial year	<u>885,034</u>	<u>589,294</u>
	<u>2020</u>	<u>2019</u>
	S\$	S\$
<u>Financial assets @FVOCI is made up of:</u>		
Quoted equity securities (Singapore)	231,770	197,074
Corporate bonds and notes(Singapore)	503,166	293,020
Corporate bonds and notes(Overseas)	114,261	95,033
Money market(Singapore)	27,530	4,167
Fixed deposit	8,307	-
	<u>885,034</u>	<u>589,294</u>

Financial assets @(FVOCI) are funds that the Church has placed through the Methodist Church of Singapore. These funds are managed by an external investment manager.

The fair values of the listed securities are determined by reference to Level 1 of the Fair Value Hierarchy - the quoted bid price in the respective active stock exchanges/markets.

Financial assets have been reclassified to financial assets held at fair value through other comprehensive income (FVOCI) on the basis of the business model within which they are held and their contractual cash flow characteristics.

## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2020

#### 6. Property, plant and equipment

	Air Conditioning S\$	Computers S\$	Leasehold Property S\$	Musical Instruments S\$	Sound System S\$	Renovation S\$	Total S\$
<u>Cost</u>							
As at 01.08.18	183,655	3,823	2,194,351	20,000	113,186	265,365	2,780,380
Additions	-	-	-	-	-	-	-
Disposals/written off	-	-	-	-	-	-	-
As at 31.07.19 and 01.08.19	183,655	3,823	2,194,351	20,000	113,186	265,365	2,780,380
Additions	-	-	-	-	-	-	-
Disposals/written off	-	-	-	-	-	-	-
As at 31.07.20	183,655	3,823	2,194,351	20,000	113,186	265,365	2,780,380
<u>Accumulated depreciation</u>							
As at 01.08.18	73,464	3,823	1,794,262	18,000	113,186	119,018	2,121,753
Depreciation for the year	18,366	-	109,718	2,000	-	13,268	143,352
Disposals/written off	-	-	-	-	-	-	-
As at 31.07.19 and 01.08.19	91,830	3,823	1,903,980	20,000	113,186	132,286	2,265,105
Depreciation for the year	18,366	-	109,718	-	-	13,268	141,352
Disposals/written off	-	-	-	-	-	-	-
As at 31.07.20	110,196	3,823	2,013,698	20,000	113,186	145,554	2,406,457
<u>Carrying amount</u>							
As at 31.07.20	73,459	-	180,653	-	-	119,811	373,923
As at 31.07.19	91,825	-	290,371	-	-	133,079	515,275

## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2020

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#### 6. Property, plant and equipment (cont'd)

The leasehold property is located at 8 Short Street Singapore 188214 and is held in trust with The Secretary of The Trustees of the Methodist Church in Singapore. The tenure of the lease is 99 years from 1 July 1939.

No valuation of the property was carried out by an independent valuer because of cost and that it has no potential financial benefit to a non-profit organisation neither did the management attempt to provide an estimated value because of technical difficulties. This practice is justified by management since proper description of the leasehold property is already provided here. Any final valuation by independent valuer can be carried out only when required.

#### 7. Deposits and other receivables

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Deposits	2,530	2,530
Other receivables	9,550	4,594
	<u>12,080</u>	<u>7,124</u>

#### 8. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Fixed deposits	300,000	200,000
Cash and bank balances	272,080	531,712
Total cash and cash equivalents	<u>572,080</u>	<u>731,712</u>

Fixed deposits are placed with local banks at tenures of between 6 months and 1 year (2019: 1 year). Effective interest rate is 1.67% (2019: 1.20%) per annum.

#### 9. Accruals and other payables

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Accruals	2,150	2,150
Other payables	8,270	11,050
	<u>10,420</u>	<u>13,200</u>

## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2020

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#### 10. Financial risk management objectives and policies

The Church is not exposed to any significant market risk (including currency risk, interest rate risk but except for price risk), credit risk or liquidity risk.

As at the end of the financial year, there is no class of financial assets that is past due and/or impaired.

All the Church's liabilities at the end of the financial year will mature within one year or less.

##### 10.1 Market price risk

The Church's exposure to market price risk arises primarily from financial assets @FVOCI held by the Church.

If prices for financial assets @FVOCI change by a hypothetical 10% (2019: 10%) with all other variables being held constant, the impact on other Comprehensive Income of the financial year will be:

	<u>Increase/(Decrease)</u>	
	Other comprehensive income	
	<u>2020</u>	<u>2019</u>
	S\$	S\$
<u>Financial assets @FVOCI</u>		
– increased by 10%	88,503	58,929
– decreased by 10%	<u>(88,503)</u>	<u>(58,929)</u>

#### 11. Funds management

The Church's objectives when managing its funds are to safeguard and maintain adequate working capital to meet its day to day operations. It is also to ensure long-term financial stability so that there is continual funding and development of its programmes and activities. No changes were made to the objectives, policies or processes of fund management during the year ended 31 July 2020 and the previous financial year.

## TAMIL METHODIST CHURCH - SHORT STREET

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2020

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#### 12. Fair values

The carrying amounts of financial assets and financial liabilities reported in the financial statements are approximates of their fair values due to their short-term nature.

##### Fair value hierarchy

For financial reporting purposes, the Church categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Conference can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### 13. New accounting standards and FRS interpretations issued but not yet effective

Certain new accounting standards, amendments and interpretations have been issued as at the end of the financial year but are not yet effective. The management assessment of those standards, amendments and interpretations that are relevant to the Church within 12 months from the end of the financial year are as follows:

<u>FRS No. #</u>		<u>Effective periods (annual periods beginning on or after)</u>
	References to the Conceptual Framework in FRS Standards. Illustrative examples, implementation guidance and FRS	
Various [A]	practice statements	1 Jan 2020
FRS 103[A]	Definition of a Business	1 Jan 2020
FRS 1[A], FRS 8[A]	Definition of Material	1 Jan 2020

# refer to [N] New FRS, [A] FRSs amendments, [AI or I] FRSs annual improvements, [INT] Interpretation

The executive committee do not expect that the adoption of the above pronouncements will have any material financial impact on the financial statements in the period of initial application.