**INTERNATIONAL BAPTIST CHURCH
OF SINGAPORE**

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022**

CONTENTS

INTERNATIONAL BAPTIST CHURCH OF SINGAPORE

STATEMENT BY THE BOARD OF ELDERS

On behalf of the Board of Elders, we do hereby state that in our opinion, the financial statements of International Baptist Church of Singapore (the "Church") as set out on pages 5 to 24 are properly drawn up in accordance with the Societies Act 1966, the Charities Act 1994 and other relevant regulations and Financial Reporting Standards in Singapore so as to present fairly, in all material respects the financial position of the Church as at 31 December 2022, and of the financial performance, changes in funds and cash flows of the Church for the financial year ended on that date.

On behalf of the Board of Elders

Richard Tan

Richard Tan Meng Hian
Elder Chairman

Dr Tan Kim Siang Luke
Elder

30 MAY 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL BAPTIST CHURCH OF SINGAPORE

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of International Baptist Church of Singapore (the "Church") as set out on pages 5 to 24, which comprise the balance sheet as at 31 December 2022, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Societies Act 1966, the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Church as at 31 December 2022 and of the financial performance, 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.

Other Information

The Board of Elders is responsible for the other information. The other information comprises the Statement by the Board of Elders as set out on page 1.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL BAPTIST CHURCH OF SINGAPORE (cont'd)

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

Responsibilities of the Board of Elders and Those Charged with Governance for the Financial Statements

The Board of Elders is responsible for the preparation and fair presentation of these financial statements in accordance with the Societies Act, Charities Act and Regulations and FRSs, and for such internal control as the Board of Elders 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, the Board of Elders 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.

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 the Board of Elders.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL BAPTIST CHURCH OF SINGAPORE (cont'd)

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

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

- Conclude on the appropriateness of the Board of Elders' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Church's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Church to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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.

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

BakerTilly

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

30 May 2023

INTERNATIONAL BAPTIST CHURCH OF SINGAPORE

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2022

	Note	General Fund $	Specific Funds $	Total 2022 $	Total 2021 $
Income					
Offerings and tithes		4,344,278	269,316	4,613,594	4,135,428
Income from church programmes		38,176	–	38,176	10,646
Interest income		62,819	–	62,819	23,869
Rental income		–	8,513	8,513	8,400
Other income	4	56,556	–	56,556	80,464
		4,501,829	277,829	4,779,658	4,258,807
Expenditures					
Administrative support fee		43,561	–	43,561	44,535
Building services and maintenance		153,301	194,878	348,179	102,082
Employee benefits expense	5	1,968,471	–	1,968,471	1,979,118
Cleaning and security guard services		132,045	10,259	142,304	130,459
Depreciation of property, plant and equipment	6	215,407	320,492	535,899	695,413
Depreciation of right-of-use assets	7	83,451	–	83,451	81,709
Interest expense on lease liabilities	7	11,752	–	11,752	11,472
Ministries expenses		360,829	–	360,829	209,281
Mission expenses		767,402	359,971	1,127,373	1,179,260
Operating lease rental expenses		12,534	–	12,534	11,470
Water, electricity and other utility expenses		107,228	–	107,228	60,782
Other expenses		73,257	–	73,257	179,735
		3,929,238	885,600	4,814,838	4,685,316
Net surplus/(deficit) and total comprehensive income/(loss) for the financial year		572,591	(607,771)	(35,180)	(426,509)

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

INTERNATIONAL BAPTIST CHURCH OF SINGAPORE

BALANCE SHEET
At 31 December 2022

	Note	2022 $	2021 $
Non-current assets			
Property, plant and equipment	6	**1,693,490**	2,043,119
Right-of-use asset	7	**435,150**	351,654
		2,128,640	2,394,773
Current assets			
Other receivables	8	**173,929**	105,772
Cash and cash equivalents	9	**8,346,982**	8,168,227
		8,520,911	8,273,999
Total assets		**10,649,551**	10,668,772
Non-current liability			
Lease liabilities	10	**314,321**	229,548
Current liabilities			
Lease liabilities	10	**142,822**	136,037
Other payables	11	**322,165**	397,764
		464,987	533,801
Total liabilities		**779,308**	763,349
Net assets		**9,870,243**	9,905,423
Funds			
General fund		**7,246,454**	6,673,863
Designated - Sinking fund	12	**150,653**	347,276
Building fund	13	**1,420,996**	1,740,488
Building improvement fund	14	**236,840**	236,840
Building space expansion fund	15	**76,792**	76,792
Other designated funds	16	**738,508**	830,164
		9,870,243	9,905,423

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

INTERNATIONAL BAPTIST CHURCH OF SINGAPORE

STATEMENT OF CHANGES IN FUNDS
For the financial year ended 31 December 2022

		Restricted funds						
	General fund $	Designated - Sinking fund $	Building fund $	Building improvement fund $	Building space expansion fund $	Benevolent fund $	Other designated funds $	Total $
Balance at 1 January 2021	6,758,443	338,976	2,016,404	236,840	76,792	5,142	899,335	10,331,932
Net (deficit)/surplus and total comprehensive (loss)/income for the financial year	(84,580)	8,300	(275,916)	–	–	(5,142)	(69,171)	(426,509)
Balance at 31 December 2021	6,673,863	347,276	1,740,488	236,840	76,792	–	830,164	9,905,423
Net (deficit)/surplus and total comprehensive (loss)/income for the financial year	572,591	(196,623)	(319,492)	–	–	–	(91,656)	(35,180)
Balance at 31 December 2022	**7,246,454**	**150,653**	**1,420,996**	**236,840**	**76,792**	–	**738,508**	**9,870,243**

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

INTERNATIONAL BAPTIST CHURCH OF SINGAPORE

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2022

	2022 **$**	2021 $
Cash flows from operating activities		
Net surplus/(deficit) for the financial year	**(35,180)**	(426,509)
Adjustments for:		
Depreciation of property, plant and equipment	**535,899**	695,413
Depreciation of right-of-use assets	**150,022**	142,887
Interest expense on lease liabilities	**(5,375)**	17,001
Interest income	**17,903**	(23,869)
Gain on lease termination	**(62,819)**	(5,747)
Operating cash flows before working capital changes	**600,450**	399,176
Receivables	**(68,157)**	46,161
Payables	**(75,599)**	191,970
Net cash generated from operating activities	**456,694**	637,307
Cash flows from investing activities		
Interest received	**62,819**	52,451
Purchase of property, plant and equipment	**(186,270)**	(150,959)
Net cash used in investing activities	**(123,451)**	(98,508)
Cash flows from financing activities		
Interest paid	**(17,903)**	(17,001)
Repayment of lease liabilities	**(136,585)**	(133,371)
Net cash used in financing activities	**(154,488)**	(150,372)
Net increase in cash and cash equivalents	**178,755**	388,427
Cash and cash equivalents at the beginning of the financial year	**8,168,227**	7,779,800
Cash and cash equivalents at the end of the financial year (Note 9)	**8,346,982**	8,168,227

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

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

1 General information

International Baptist Church of Singapore (the "Church") is registered in Singapore under the Societies Act in Singapore and its place of worship and registered office is at 81 King's Road, Singapore 266358. The Church is also registered as a charity (Charity Registration No. 0399) under the Charities Act in Singapore.

The principal activities of the Church consist of the propagation of the Christian faith and the promotion and participation in Christian activities.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements, expressed in Singapore dollar ("$") which is the Church's functional currency, have been prepared in accordance with the Societies Act 1966, Charities Act 1994 and other relevant regulation and Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, other receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Church has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. Changes to the Church's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new/revised FRS and INT FRS did not have any material effect on the financial results or position of the Church.

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Church.

b) Income recognition

Income is recognised to the extent that is probable that the economic benefits associated with the transactions will flow to the Church, and the amount of income and related cost can be reliably measured.

Tithes and offerings are recognised when received in cash.

Collections from retreats/camps are recognised as income when the retreats/camps are held.

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

Rental income is recognised on a straight-line basis over the lease term.

c) Employee benefits

Defined contribution plans

The Church makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution plan. The Church has no further payment obligations once the contributions have been paid. These contributions are recognised as an expense in income or expenditure in the period in which the related service is performed.

Employee leave entitlement

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

d) Taxation

The Church is a registered charity under the Charities Act and is exempted from income tax under the provisions of the Income Tax Act Cap. 134.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

Property, plant and equipment are depreciated on a straight-line basis so as to write off the costs of assets over their estimated useful lives as follows:

	Number of years
Building	25
Office equipment and furniture & fittings	3
Equipment, tools and appliances and musical instruments	3
Renovation	3

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised income or expenditure when the changes arise.

2 Summary of significant accounting policies (cont'd)

e) Property, plant and equipment (cont'd)

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

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

f) Financial assets

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Church commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Church has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost of fair value, depending on the classification of the financial assets. The Church classifies its financial assets based on the Church's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Church's financial assets are classified at amortised cost which comprise other receivables and cash and cash equivalents.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Church recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Church expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Church recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Church has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (cont'd)

g) Financial liabilities

Financial liabilities is represented by other payables and lease liabilities. Financial liabilities are recognised on the balance sheet when, and only when, the Church becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in income or expenditure when the liabilities are derecognised and through the amortisation process.

h) Provisions

Provisions are recognised when the Church has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in income or expenditure.

i) Impairment of non-financial assets

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

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

j) Foreign currency translations

Functional and presentation currency

Items included in the financial statements 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 dollar, which is the Church's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. Profits and losses arising on exchange are dealt with in income or expenditure.

2 Summary of significant accounting policies (cont'd)

k) Funds

Unless specifically indicated, fund balances are not represented by any specific accounts, but are represented by all assets of the Church.

Income and expenditure relating to the various reserve funds specifically set up are taken directly to these funds. All other income and expenditure are reflected in the statement of comprehensive income.

l) Leases

The Church assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Church is the lessee

The Church applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Church recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Church uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease liabilities are presented as a separate line in the balance sheet.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Church remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Church recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

2 Summary of significant accounting policies (cont'd)

l) Leases (cont'd)

When the Church is the lessee (cont'd)

Right-of-use assets (cont'd)

Whenever the Church incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Church at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The Church applies FRS 36 *Impairment of Assets* to determine whether a right-of-use assets is impaired and accounts for any identified impairment loss as described in Note 2(i).

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

In the process of applying the Church's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the preceding paragraphs).

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of office unit, accommodation unit and office equipment, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Church typically includes the extension option in lease liabilities;
- If there are significant penalties to terminate the lease, the Church will typically reasonably certain not to terminate the lease; and
- Otherwise, the Church considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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.

Estimating the incremental borrowing rate for leases

The Church uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what would the Church "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Church estimates the incremental borrowing rate using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates, such as the stand-alone credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use asset at the commencement date of new leasing transaction. The carrying amount of right-of-use assets and lease liabilities are disclosed in Notes 7 and 10 respectively.

4 Other Income

	2022	2021
	$	$
Government grant income	**48,670**	64,749
Gain on lease termination	**5,375**	5,747
Other	**2,511**	9,968
	56,556	80,464

Government grant income of $Nil (2021: $26,867) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of the JSS grant income, Board of Elders has evaluated and concluded that the period of economic uncertainty commenced in April 2021 when the COVID-19 pandemic started affecting the Company's operations.

Government grant income of $30,345 (2021: $19,696) was recognised during the financial year under the Jobs Growth Incentive (the "JGI"). Under the JGI, the Singapore Government will support employer to expand local hiring from September 2020 to March 2023 (inclusive). The JGI payout is computed on a monthly basis based on the eligible employer's mandatory CPF contributions.

5 Employee benefits expense

	2022	2021
	$	$
Salaries, bonus and allowance	**1,537,801**	1,560,921
Contributions to Central Provident Fund	**132,246**	123,636
Other short-term benefits*	**298,424**	294,561
	1,968,471	1,979,118

5 Employee benefits expense (cont'd)

Included in employee benefits expense are compensation paid to key management personnel of the Church:

	2022	2021
	$	$
Salaries, bonus and allowances	**270,754**	271,706
Contributions to Central Provident Fund	**36,577**	30,446
Other short-term benefits*	**72,722**	66,707
	380,053	368,859

* Includes depreciation of right-of-use assets of $66,571 (2021: $61,178) and interest expense on lease liabilities of $6,151 (2021: $5,529).

6 Property, plant and equipment

	Building	**Office equipment, and furniture & fittings**	**Equipment, tools and appliances and musical instruments**	**Renovation**	**Total**
	$	**$**	**$**	**$**	**$**
2022					
Cost					
At 1 January 2022	7,988,312	1,272,590	921,927	2,398,510	12,581,339
Additions	39,857	59,769	12,813	73,831	186,270
At 31 December 2022	**8,028,169**	**1,332,359**	**934,740**	**2,472,341**	**12,767,609**
Accumulated depreciation					
At 1 January 2022	6,297,046	1,208,878	817,937	2,214,359	10,538,220
Depreciation charge	320,492	37,123	30,042	148,242	535,899
At 31 December 2022	**6,617,538**	**1,246,001**	**847,979**	**2,362,601**	**11,074,119**
Net carrying value					
At 31 December 2022	**1,410,631**	**86,358**	**86,761**	**109,740**	**1,693,490**

6 Property, plant and equipment (cont'd)

	Building $	Office equipment, and furniture & fittings $	Equipment, tools and appliances and musical instruments $	Renovation $	Total $
2021					
Cost					
At 1 January 2021	7,988,312	1,223,745	838,613	2,379,710	12,430,380
Additions	–	48,845	83,314	18,800	150,959
At 31 December 2021	7,988,312	1,272,590	921,927	2,398,510	12,581,339
Accumulated depreciation					
At 1 January 2021	5,977,484	1,144,974	782,906	1,937,443	9,842,807
Depreciation charge	319,562	63,904	35,031	276,916	695,413
At 31 December 2021	6,297,046	1,208,878	817,937	2,214,359	10,538,220
Net carrying value					
At 31 December 2021	1,691,266	63,712	103,990	184,151	2,043,119

a) During the financial year, depreciation was charged to the following accounts:

	2022 **$**	2021 $
Statement of comprehensive income	**387,657**	418,497
Building fund (Note 13)	**320,492**	276,916
	708,149	695,413

b) The church building is located at a freehold land which has no cost and is held in the name of the trustees of the Church.

7 Right-of-use assets

	Accommodation unit $	Office unit $	Office equipment $	Total $
Cost				
At 1 January 2021	277,375	179,756	208,816	665,947
Additions	–	–	224,419	224,419
Lease termination	–	–	(208,816)	(208,816)
At 31 December 2021	277,375	179,756	224,419	681,550
Additions	215,894	118,067	–	333,961
Lease termination	(277,375)	(179,756)	–	(457,131)
At 31 December 2022	**215,894**	**118,067**	**224,419**	**558,380**
Accumulated depreciation				
At 1 January 2021	124,430	78,321	82,550	285,301
Depreciation charge	61,178	39,265	42,444	142,887
Lease termination	–	–	(98,292)	(98,292)
At 31 December 2021	185,608	117,586	26,702	329,896
Depreciation charge	66,571	39,303	44,148	150,022
Lease termination	(216,197)	(140,491)	–	(356,688)
At 31 December 2022	**35,982**	**16,398**	**70,850**	**123,230**
Net carrying value				
At 31 December 2022	**179,912**	**101,669**	**153,569**	**435,150**
At 31 December 2021	91,767	62,170	197,717	351,654

Nature of the Church's leasing activities

The Church leases office unit, accommodation unit and office equipment from non-related parties. The leases have an average tenure of between three to five years.

The maturity analysis of the lease liabilities is disclosed in Note 17(b).

Information about leases for which the Church is a lessee is presented below:

	2022 $	2021 $
Amounts recognised in income or expenditure		
Depreciation of right-of-use assets*	**150,022**	142,887
Interest expense on lease liabilities*	**17,903**	17,001
<u>*Lease expense not included in the measurement of lease liabilities*</u>		
Lease expense - short-term lease	**17,976**	17,976

* Breakdown of depreciation of right-of-use assets and interest expense on lease liabilities

7 Right-of-use assets (cont'd)

Nature of the Church's leasing activities (cont'd)

	Depreciation of right-of-use assets $	Interest expense on lease liabilities $	Total $
2022			
Employee benefits expense			
- Staff benefits-in-kind (accommodation unit)	**66,571**	**6,151**	**72,722**
Total amount recognised in Statement of Comprehensive Income	**83,451**	**11,752**	**95,203**
Total	**150,022**	**17,903**	**167,925**
2021			
Employee benefits expense			
- Staff benefits-in-kind (accommodation unit)	61,178	5,529	66,707
Total amount recognised in Statement of Comprehensive Income	81,709	11,472	93,181
Total	142,887	17,001	159,888

Total cash flow for leases amounted to $172,464 (2021: $168,348).

8 Other receivables

	2022 $	2021 $
Deposits	**36,083**	30,622
Prepayments	**105,280**	70,461
Interest receivable	**32,566**	4,689
	173,929	105,772

9 Cash and cash equivalents

	2022 $	2021 $
Bank and cash balances	**2,445,716**	2,302,365
Fixed deposits	**5,901,266**	5,865,862
	8,346,982	8,168,227

Fixed deposits are placed with reputable banks, earns interest of 0.19% to 3.80% (2021: 0.15% to 1.20%) per annum and mature within 1 to 10 months (2021: 1 to 10 months) after balance sheet date.

10 Lease liabilities

	2022 $	2021 $
Non-current lease liabilities	**314,321**	229,548
Current lease liabilities	**142,822**	136,037
	457,143	365,585

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Lease liabilities 2022 $	2021 $
Balance at 1 January 2021	**365,585**	390,808
Changes from financing cash flows:		
- Repayments	**(136,585)**	(133,371)
- Interest paid	**(17,903)**	(17,001)
Non-cash changes:		
- Interest expense	**17,903**	17,001
- Addition	**333,961**	224,419
- Lease termination	**(105,818)**	(116,271)
Balance at 31 December 2021	**457,143**	365,585

11 Other payables

	2022 $	2021 $
Sundry payables	**156,243**	178,228
Accrued operating expenses	**165,922**	219,536
	322,165	397,764

12 Designated - Sinking fund

	2022 $	2021 $
Balance at beginning of financial year	**347,276**	338,976
Income		
Rental income	**8,513**	8,300
Expenditure		
Church building maintenance	**(205,136)**	–
Deficit for the financial year	**(196,623)**	8,300
Balance at end of financial year	**150,653**	347,276

The sinking fund was set up for maintenance of the Church's building.

13 Building fund

	2022 $	2021 $
Balance at beginning of financial year	**1,740,488**	2,016,404
Income		
Offerings and tithes	**1,000**	1,000
Expenditure		
Depreciation for the year (Note 6)	**(320,492)**	(276,916)
Deficit for the financial year	**(319,492)**	(275,916)
Balance at end of financial year	**1,420,996**	1,740,488

The fund was contributed by the Church members for the building of the Church's building. Depreciation of the building is accounted for in the building fund.

14 Building improvement fund

	2022 $	2021 $
Balance at beginning and end of financial year	**236,840**	236,840

The building improvement fund was set up to improve building facility and equipment.

15 Building space expansion fund

	2022 $	2021 $
Balance at beginning and end of financial year	**76,792**	76,792

The building space expansion fund was set up for church expansion.

16 Other designated funds

	2022 $	2021 $
Balance at beginning of financial year	**830,164**	899,335
Income		
Offerings and tithes	**268,316**	286,078
Expenditure		
Mission expenses	**(359,972)**	(355,249)
Deficit for the financial year	**(91,656)**	(69,171)
Balance at end of financial year	**738,508**	830,164

These funds were set up to account for those offerings that were given to specifically named organisations, individuals or activities by the giver.

17 Financial instruments

a) Categories of financial instruments

Financial instruments at the balance sheet date are as follows:

	2022 $	2021 $
Financial assets		
At amortised cost	**8,415,631**	8,203,538
Financial liabilities		
At amortised cost	**744,024**	699,909

b) Financial risk management policies and objectives

The Church's activities expose it to minimal credit risk, foreign exchange risk and liquidity risk. The Church does not have any significant exposure to interest rate risk and price risk. Risk management is carried out under policies approved by the Board of Elders. The Board of Elders approves guidelines for overall risk management, as well as policies covering these specific areas.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a default on its obligations. The Church's exposure to credit risk arises primarily from cash and cash equivalents and other receivables. For cash and cash equivalents, the Church places its cash with reputable banks.

The Church does not have any significant concentration of credit risk exposure. The maximum exposure to credit risk is represented by the carrying value of each class of financial assets recognised in the balance sheet.

Financial assets at amortised cost

Financial assets at amortised cost includes other receivables (excluding prepayments) and cash and cash equivalents.

Credit risk exposure in relation to financial assets at amortised costs as at 31 December 2022 and 31 December 2021 is insignificant, and accordingly no credit loss allowance is recognised as at 31 December 2022 and 31 December 2021.

Liquidity and cash flow risk

The Board of Elders exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times to meet the Church's financial liabilities.

17 Financial instruments (cont'd)

b) Financial risk management policies and objectives (cont'd)

Liquidity and cash flow risk (cont'd)

The table below summarises the maturity profile of the Church's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	Repayable on demand or within one year $	Within two to five years $	Total $
2022			
Other payables	**286,881**		**286,881**
Lease liabilities	**159,888**	**250,772**	**410,660**
	446,769	**250,772**	**697,541**
2021			
Other payables	334,324	–	334,324
Lease liabilities	149,088	244,460	393,548
	483,412	244,460	727,872

Foreign exchange risk

The Church is exposed to foreign exchange risk primarily with respect to fluctuations in United States dollar ("USD").

The Church does not use derivative financial instruments to hedge its foreign currency risk.

At the balance sheet date, the Church has the following financial assets and financial liabilities which are not denominated in the Church's functional currency:

	2022 $	2021 $
Bank and cash balances	**320,113**	711,481
Other payables	**(5,338)**	(15,362)
Net financial assets denominated in USD	**314,775**	696,119

As at 31 December 2022, if the USD has strengthened/weakened by 3% (2021: 2%) against SGD with all other variable being held constant, the Church's income or expenditure will be higher/lower by $9,443 (2021: $13,922).

c) Fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities recorded in the financial statements of the Church approximate their fair values due to relatively short-term nature of these financial instruments.

18 Fund management

The Church's objectives when managing funds are to safeguard the Church's ability to continue as a going concern and to develop its principal activities over the longer term through significant support in the form of donations and offerings. The Church's capital comprises its funds as present on the balance sheet.

The Church's overall fund management objectives remained unchanged from previous financial year.

19 Authorisation of financial statements

The financial statements of the Church for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Elders dated 30 May 2023.