

APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED
- LOK FU FAVOUR CENTRE
REPORTS AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

| CONTENTS | Pages |
|-----------------------------------|-------|
| Independent Auditor's Report | 1 - 2 |
| Income Statement | 3 |
| Statement of Financial Position | 4 |
| Notes to the Financial Statements | 5 - 7 |

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE OF
APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED
(incorporated in Hong Kong with limited liability by guarantee)**

Opinion

We have audited the financial statements of Lok Fu Favour Centre (the "Centre"), a branch of Apostolic Faith Church of Hong Kong Limited (the "Church"), as set out on pages 3 to 7 which comprises the statement of financial position as at 31 March 2020, the income statement for the year ended 31 March 2020 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements of the Centre for the year ended 31 March 2020 are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard issued by the HKICPA. 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 both the Church and the Centre in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Executive Committee Member is responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal controls as the Executive Committee determines are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible for assessing the Centre'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 the Executive Committee either intends to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE EXECUTIVE COMMITTEE OF
APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED
(incorporated in Hong Kong with limited liability by guarantee)**

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Centre 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 HKSA's 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 HKSA's, 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee Members.
- Conclude on the appropriateness of the use by the Executive Committee 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 Centre'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 Centre to cease to continue as a going concern.

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 controls that we identify during our audit.

Yeung Man Wah & Co.

**Yeung Man Wah & Co.
Certified Public Accountants (Practising)
2/F., Wing Yee Commercial Building
5 Wing Kut Street, Central
Hong Kong
Date 30 NOV 2020**


APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED
 - LOK FU FAVOUR CENTRE
 INCOME STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2020

| | 2020 HK\$ | 2019 HK\$ |
|--|------------------|------------------|
| INCOME | | |
| Bank deposit interest income | 130 | 83 |
| Dedication received | 28,978 | 89,686 |
| Membership fee | 10,945 | 12,975 |
| Other income | 7,480 | 8,600 |
| Program income | 853,540 | 1,085,055 |
| Rent and rates subsidies | 163,672 | 154,100 |
| | <u>1,064,745</u> | <u>1,350,499</u> |
| EXPENDITURE | | |
| Accounting fee | 1,313 | 2,934 |
| Air conditioning charges | - | 75,092 |
| Audit fee | 4,000 | 3,500 |
| Bank charges | - | 165 |
| Cleaning expenses | 38 | - |
| Consumable appliances | 951 | - |
| Electricity and water | 11,652 | 11,816 |
| Employer's MPF contribution | 14,753 | 15,730 |
| Group medical insurance | 4,959 | 5,302 |
| Insurance | 5,845 | 5,969 |
| Management fee | 100,122 | 25,031 |
| Postage and courier | 1,307 | 439 |
| Printing and stationery | 9,838 | 15,142 |
| Professional social worker service charge | 16,500 | 78,000 |
| Program expenses | 337,691 | 441,108 |
| Rent and rates | 163,672 | 154,100 |
| Repairs and maintenance | 3,017 | 83 |
| Staff benefits | 3,636 | 3,119 |
| Staff salaries | 302,162 | 314,603 |
| Sundry expenses | 2,815 | 584 |
| Telephone, facsimile and internet | 3,959 | 4,312 |
| Travelling and transportation | 314 | 225 |
| | <u>988,544</u> | <u>1,157,254</u> |
| SURPLUS OF FUNDS FOR THE YEAR | <u>76,201</u> | <u>193,245</u> |
| In order to support the daily operation of the Centre, fund was transferred from the Church's Flag Day Fund during the year. | <u>64,080</u> | <u>-</u> |

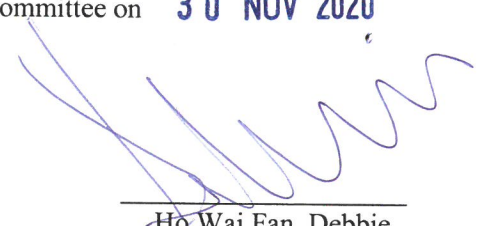
APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED
 - LOK FU FAVOUR CENTRE
 STATEMENT OF FINANCIAL POSITION - 31 MARCH 2020

| | Note | 2020 HK\$ | 2019 HK\$ |
|------------------------------------|------|------------------|----------------|
| CURRENT ASSETS | | | |
| Rental and utility deposits | | 56,893 | 56,893 |
| Advance to Tung Tau Favour Centre | 7 | 140,720 | 117,107 |
| Accounts receivable and prepayment | | 168,130 | 10,223 |
| Cash at banks | | 642,505 | 545,897 |
| Cash in hand | | 1,300 | 2,843 |
| | | <u>1,009,548</u> | <u>732,963</u> |
| CURRENT LIABILITIES | | | |
| Advance from the Church | 7 | 607,735 | 478,675 |
| Accounts payable and accruals | | 10,744 | 3,500 |
| | | <u>618,479</u> | <u>482,175</u> |
| NET CURRENT ASSETS | | <u>391,069</u> | <u>250,788</u> |
| ACCUMULATED FUNDS | | | |
| Operating fund | 3, 4 | 391,069 | 250,788 |
| Specific project funds | 4 | - | - |
| | | <u>391,069</u> | <u>250,788</u> |


Approved by the Executive Committee on **30 NOV 2020**



 Ng So Ling
 Chairman



 Ho Wai Fan, Debbie
 Treasurer



 Cheung King Ching
 Member of the
 Executive Committee

APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED
- LOK FU FAVOUR CENTRE
NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

1 ORGANISATION

Apostolic Faith Church of Hong Kong Limited - Lok Fu Favour Centre (the "Centre") is a branch set up by Apostolic Faith Church of Hong Kong Limited (the "Church") to carry out religious, educational and charitable activities and for provision of social services to the local community.

The Church is exempted from Hong Kong tax under Section 88 of the Inland Revenue Ordinance as a charitable organisation, subject to certain rules and conditions in relation to source and application of its profits and income.

Its principal place of operation of the Centre is situated at Lok Fu Plaza, Wang Tau Hom, Kowloon, Hong Kong.

2 PRINCIPAL ACCOUNTING POLICIES

The Church qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap.622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

The Centre, being a branch of the Church, has therefore prepared and presented its financial statements in accordance with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Centre is a going concern.

The principal accounting policies adopted in preparing these financial statements are as follows:

(a) Revenue

Income is recorded when it is probable that the economic benefit will flow to the Centre and the income and expenditure, if applicable, can be measured reliably. The following income is recognized in the income statement as follows:

- i. Dedication income is recognized when offering is received.
- ii. Activity income is recognized when activity is rendered.
- iii. Subvention income is recognized when income is received.
- iv. Interest income from bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and at the rate applicable.

APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED
 - LOK FU FAVOUR CENTRE
 NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior

(c) Operating Leases

Lease where all the benefits and risks of ownership of assets remain substantially with the lesser are accounted for as operating lease. Rental payable under operating lease is charged to the income statement on a straight line basis over the lease term.

3 OPERATING FUND

| | 2020 HK\$ | 2019 HK\$ |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 250,788 | 57,543 |
| Surplus for the year | 76,201 | 193,245 |
| | <u>326,989</u> | <u>250,788</u> |
| Transfer from flag day fund | 64,080 | - |
| Balance at end of year | <u>391,069</u> | <u>250,788</u> |

4 CHANGE IN EQUITY

The changes in equity of the Centre during the year are represented by the following changes in Funds:

| | Operating Fund HK\$ | Specific Project Funds HK\$ | Total HK\$ |
|-----------------------------|---------------------------|-----------------------------------|----------------|
| Balance at 1 April 2018 | 57,543 | - | 57,543 |
| Surplus for the year | <u>193,245</u> | <u>-</u> | <u>193,245</u> |
| Balance at 1 April 2019 | 250,788 | - | 250,788 |
| Surplus for the year | 76,201 | - | 76,201 |
| Transfer from Flag Day Fund | <u>64,080</u> | <u>-</u> | <u>64,080</u> |
| Balance at 31 March 2020 | <u>391,069</u> | <u>-</u> | <u>391,069</u> |

APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED
 - LOK FU FAVOUR CENTRE
 NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

5 REMUNERATION OF EXECUTIVE COMMITTEE MEMBERS

The Executive Committee members of the Church did not receive remunerations for services rendered during the year.

6 COMMITMENT UNDER OPERATING LEASES

The Centre had the following minimum lease commitments, payable under non-cancellable operating leases on land and building:

| | 2020 HK\$ | 2019 HK\$ |
|-------------------------|----------------|--------------|
| Not later than one year | 133,812 | - |
| Later than one year | 133,812 | - |
| | <u>267,624</u> | <u>-</u> |

7 ADVANCE FROM THE CHURCH/TUNG TAU FAVOUR CENTRE

Both of the Centre and Tung Tau Favour Centre are branches set up by the Church.

8 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year presentations.