

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

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**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 Tung Tau Favour Centre (the "Centre"), a branch of Apostolic Faith Church of Hong Kong Limited (the "Church"), as set out on page 3 to 11 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 ("HKSA") 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements which indicates that the Centre's current liabilities exceeds its current assets by HK\$761,271 as at 31 March 2020. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Centre's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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

The Executive Committee 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 Members determine is 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 Members are 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. The report is made solely to you, as a body, in accordance with section 405 of Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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
- TUNG TAU FAVOUR CENTRE
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	2020 HK\$	2019 HK\$
INCOME		
Bank deposit interest income	130	-
Dedication received	38,397	87,996
Membership fee	7,560	12,800
Program income	277,441	307,632
Rent and rates subsidies	108,030	100,644
Specific projects income	348,143	428,098
	<u>779,701</u>	<u>937,170</u>
EXPENDITURE		
Accounting fee	1,313	2,934
Audit fee	4,000	3,500
Bank charges	120	165
Cleaning expenses	472	129
Consumable appliances	1,327	8,041
Electricity and water	27,900	24,946
Employer's MPF contribution	17,475	16,599
Group medical insurance	5,633	8,671
Insurance	5,950	6,474
Postage	47	22
Printing and stationery	8,975	9,014
Professional social worker service charge	16,500	78,000
Program expenses	112,292	173,398
Rent and rates	108,030	100,644
Repairs and maintenance	2,888	4,240
Specific projects expenditures	358,149	428,098
Staff benefits	3,980	4,375
Staff salaries	373,322	331,989
Sundry expenses	3,127	2,768
Telephone, facsimile and internet	8,836	9,092
Travelling and transportation	1,641	2,268
	<u>1,061,977</u>	<u>1,215,367</u>
DEFICIT OF FUNDS FOR THE YEAR	<u>(282,276)</u>	<u>(278,197)</u>

In order to support the daily operation of the Centre, fund was transferred from the Church's Flag Day Fund during the year.

312,860	-
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APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED
 - TUNG TAU FAVOUR CENTRE
 STATEMENT OF FINANCIAL POSITION - 31 MARCH 2020

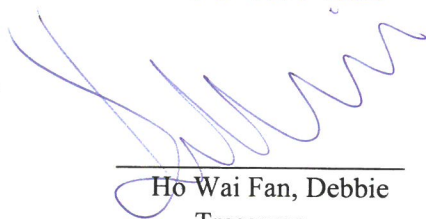
	Note	2020 HK\$	2019 HK\$
CURRENT ASSETS			
Rental and utility deposits		32,200	32,200
Accounts receivable and prepayment		151,907	17,026
Cash at banks		519,631	361,307
Cash in hand		1,300	14,250
		<u>705,038</u>	<u>424,783</u>
CURRENT LIABILITIES			
Advance from the Church	9	1,267,380	1,087,184
Advance from Lok Fu Favour Centre	9	140,720	117,107
Accounts payable and accruals		7,711	12,054
Received in advance	10	50,498	293
		<u>1,466,309</u>	<u>1,216,638</u>
NET LIABILITIES		<u>(761,271)</u>	<u>(791,855)</u>
ACCUMULATED FUNDS			
Operating fund	3, 6	(792,600)	(833,190)
Specific project funds	4, 5, 6	31,329	41,335
		<u>(761,271)</u>	<u>(791,855)</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
- TUNG TAU FAVOUR CENTRE
NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

1 ORGANISATION

Apostolic Faith Church of Hong Kong Limited - Tung Tau 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 Tung Tau (II) Estate, 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.

Going-concern basis

As of 31 March 2020, the Centre has a net liabilities of HK\$761,271. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Centre's ability to continue as a going concern.

The Church has confirmed that they would provide financial support to the Centre so as to enable it to operate as a going-concern. Furthermore, the Church would not demand repayment of any debts due by the Centre to the extent that such repayments would affect the Centre's ability to operate as a going-concern and to repay other creditors on due dates.

On strength of this assurance, the financial statements have been drawn up on a going-concern basis, notwithstanding the current liabilities and the net deficiency of funds.

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 Church and the income and expenditure, if applicable, can be measured reliably. The following income is recognized in the income statement as follows:

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Revenue (Cont'd)

- 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.

(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 years.

(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	(833,190)	(596,400)
Deficit for the year	(272,270)	(232,698)
	<u>(1,105,460)</u>	<u>(829,098)</u>
Transfer to specific project funds	-	(4,092)
Transfer from flag day fund	312,860	-
Balance at end of year	<u><u>(792,600)</u></u>	<u><u>(833,190)</u></u>

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

4 SPECIFIC PROJECT FUNDS

	2020 HK\$	2019 HK\$
Balance at beginning of year	41,335	82,742
Subvention received	348,143	378,867
Subvention refunded	-	(26,330)
Expenditure	(358,149)	(398,036)
Deficit for the year	(10,006)	(45,499)
Transfer to Operating Fund	-	4,092
Balance for the year	(10,006)	(41,407)
Balance at end of year (Note 5)	31,329	41,335

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

5 DETAILS OF SPECIFIC PROJECT FUNDS

	2020 HK\$	2019 HK\$
a. School-based After School Learning and Supporting Programme 2015/16		
Balance at beginning of year	-	4,560
Subvention from Education Bureau	-	(4,560)
Balance at end of year	-	-
b. School-based After School Learning and Supporting Programme 2016/17		
Balance at beginning and end of year	31,854	31,854
c. School-based After School Learning and Supporting Programme 2017/18		
Balance at beginning of year	-	24,390
Subvention from Education Bureau	-	30,098
	-	54,488
Utilization for the year	-	(55,228)
Taken up by the centre	-	740
Balance at end of year	-	-
d. School-based After School Learning and Supporting Programme 2018/19		
Balance at beginning of year	27,893	-
Subvention from Education Bureau	29,531	82,677
Utilization for the year	(57,949)	(54,784)
Balance at end of year	(525)	27,893
e. School-based After School Learning and Supporting Programme 2019/20		
Subvention from Education Bureau	61,577	-
Utilization for the year	(61,577)	-
Balance at end of year	-	-
f. Adult Education 2016/17		
Balance at beginning of year	-	168
Taken up by the centre	-	(168)
Balance at end of year	-	-

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

5 DETAILS OF SPECIFIC PROJECT FUNDS (CONT'D)

	2020 HK\$	2019 HK\$
g. Project - 新來港適應班 2016/17		
Balance at beginning of year	-	21,770
Subvention from Education Bureau	-	(21,770)
Balance at end of year	-	-
h. Project - 新來港適應班 2018/19		
Balance at beginning of year	(9,263)	-
Subvention from Education Bureau	23,152	67,780
Utilization for the year	(13,889)	(77,043)
Balance at end of year	-	(9,263)
i. Project - 新來港適應班 2019/20		
Balance at beginning of year	-	-
Subvention from Education Bureau	69,296	-
Utilization for the year	(69,296)	-
Balance at end of year	-	-
j. Project - 老有所為 2018-2020		
Balance at beginning of year	(9,149)	-
Subvention from Social Welfare Department	30,830	33,673
Programme income	-	13,866
	21,681	47,539
Utilization for the year	(21,681)	(56,875)
Taken up by the centre	-	187
Balance at end of year	-	(9,149)
k. Project - 黃大仙區議會旅行		
Balance at beginning of year	-	-
Subvention from Wong Tai Sin District Youth Programme Executive Committee	-	20,000
Programme income	46,805	24,360
	46,805	44,360
Utilization for the year	(46,805)	(44,367)
Taken up by the centre	-	7
Balance at end of year	-	-
l. Project - 非凡活力・展 - 『捉』動脈博		
Subvention from Wong Tai Sin District Youth Programme Executive Committee	-	144,639
Programme income	86,953	11,005
	86,953	155,644
Utilization for the year	(86,953)	(158,970)
Taken up by the centre	-	3,326
Balance at end of year	-	-
Balance c/f	31,329	41,335

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

6 CHANGE IN EQUITY

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

	Operating Fund	Specific Project Funds	Total
	HK\$	HK\$	HK\$
Balance at 1 April 2018	(596,400)	82,742	(513,658)
Deficit for the year	(232,698)	(45,499)	(278,197)
Transfer of funds	<u>(4,092)</u>	<u>4,092</u>	<u>-</u>
Balance at 1 April 2019	(833,190)	41,335	(791,855)
Deficit for the year	(272,270)	(10,006)	(282,276)
Transfer from Flag Day Fund	<u>312,860</u>	<u>-</u>	<u>312,860</u>
Balance at 31 March 2020	<u><u>(792,600)</u></u>	<u><u>31,329</u></u>	<u><u>(761,271)</u></u>

7 REMUNERATION OF EXECUTIVE COMMITTEE MEMBERS

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

8 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	96,996	-
Later than one year	<u>96,996</u>	<u>-</u>
	<u><u>193,992</u></u>	<u><u>-</u></u>

9 ADVANCE FROM THE CHURCH/LOK FU FAVOUR CENTRE

Both of the Centre and Lok Fu Favour Centre are branches set up by the Church.

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

10 RECEIVED IN ADVANCE

	2020 HK\$	2019 HK\$
BBQ activities	-	293
Project - 老有所為 2018-2020	2,857	-
Project - 新來港適應班 2019/20	1,164	-
School-based After School Learning and Supporting Programme 2019/20	46,477	-
	<u>50,498</u>	<u>293</u>

11 COMPARATIVE FIGURES

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