

APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED  
- TUNG TAU FAVOUR CENTRE  
REPORTS AND FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2022

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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 2022, the income statement for the year ended 31 March 2022 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 2022 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.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the financial statements which indicates that the Centre incurred a deficit of HK\$258,984 during the year ended 31 March 2022 and, as of that date, the Centre's total liabilities exceeds its total assets by HK\$1,241,354. 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 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.



**MHC CPA LIMITED**

*Certified Public Accountants (Practising)*

**Yeung Man Wah**

Practising Certificate Number: P05386

**Hong Kong**

**Date 28 OCT 2022**

APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED  
- TUNG TAU FAVOUR CENTRE  
INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK\$	2021 HK\$
<b>INCOME</b>		
Bank deposit interest income	1	2
Dedication received	46,976	26,254
Government subsidies	-	81,900
Membership fee	4,025	6,040
Program income	218,807	108,717
Rent and rates subsidies	105,960	107,220
Specific projects income	279,584	343,042
	<u>655,353</u>	<u>673,175</u>
<b>EXPENDITURE</b>		
Audit fee	4,500	4,300
Bank charges	100	10
Cleaning expenses	3,340	1,272
Consumable appliances	1,884	1,795
Electricity and water	23,793	5,177
Employer's MPF contribution	17,349	23,001
Group medical insurance	6,331	4,621
Insurance	6,180	6,082
Postage	13	281
Printing and stationery	8,450	8,441
Professional social worker service charge	6,000	6,000
Program expenses	86,676	40,932
Rent and rates	105,960	107,220
Repairs and maintenance	3,246	4,568
Specific projects expenditures	279,584	374,371
Staff benefits	2,094	-
Staff salaries	338,387	446,795
Sundry expenses	1,847	3,036
Telephone, facsimile and internet	8,802	8,818
Travelling and transportation	9,801	8,607
	<u>914,337</u>	<u>1,055,327</u>
<b>DEFICIT OF FUNDS FOR THE YEAR</b>	<u>(258,984)</u>	<u>(382,152)</u>

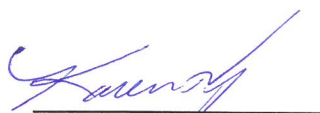
In order to support the daily operation of the Centre, fund was transferred from the Church's Flag Day Fund during the year.

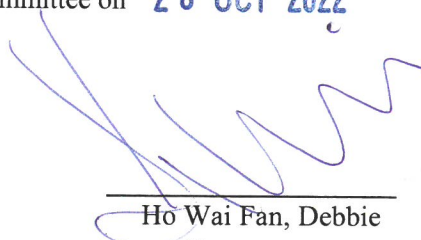
-	151,053
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APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED  
 - TUNG TAU FAVOUR CENTRE  
 STATEMENT OF FINANCIAL POSITION - 31 MARCH 2022

	Note	2022 HK\$	2021 HK\$
<b>CURRENT ASSETS</b>			
Rental and utility deposits		32,200	32,200
Accounts receivable and prepayment		52,696	7,160
Cash at banks		599,136	748,800
Cash in hand		1,500	5,540
		<u>685,532</u>	<u>793,700</u>
<b>CURRENT LIABILITIES</b>			
Advance from the Church	10	1,595,615	1,465,330
Advance from Lok Fu Favour Centre	10	269,471	166,721
Accounts payable and accruals		4,500	4,590
Received in advance	11	57,300	149,429
		<u>1,926,886</u>	<u>1,786,070</u>
<b>NET LIABILITIES</b>		<u>(1,241,354)</u>	<u>(992,370)</u>
<b>ACCUMULATED FUNDS</b>			
Operating fund	3, 7	(1,251,354)	(992,370)
Specific fund	4, 7	10,000	-
Specific project funds	5, 6, 7	-	-
		<u>(1,241,354)</u>	<u>(992,370)</u>

Approved by the Executive Committee on **28 OCT 2022**

  
 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 2022

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

The Centre incurred a deficit of HK\$258,984 during the year ended 31 March 2022 and, as of that date, the Centre's total liabilities exceeds its total assets by HK\$1,241,354. 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 2022

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

	2022 HK\$	2021 HK\$
Balance at beginning of year	(992,370)	(792,600)
Deficit for the year	(316,284)	(500,252)
	<u>(1,308,654)</u>	<u>(1,292,852)</u>
Transfer from Specific Project Funds	57,300	149,429
Transfer from Flag Day Fund	-	151,053
Balance at end of year	<u><u>(1,251,354)</u></u>	<u><u>(992,370)</u></u>

APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED  
 - TUNG TAU FAVOUR CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

4 SPECIFIC FUND

	2022 HK\$	2021 HK\$
Flay day fund		
Balance at beginning of year	-	-
Donation received for 4 June 2022 Flag day	10,000	-
Balance at end of year	<u>10,000</u>	<u>-</u>

5 SPECIFIC PROJECT FUNDS

	2022 HK\$	2021 HK\$
Balance at beginning of year	-	31,329
Received in advance from last year	149,429	50,498
Subvention received	231,965	475,771
Subvention refunded	(44,593)	(34,713)
Taken up by the centre	83	915
Expenditure	<u>(279,584)</u>	<u>(374,371)</u>
Surplus for the year	57,300	118,100
Transfer to Received in advance	<u>(57,300)</u>	<u>(149,429)</u>
Balance for the year	-	(31,329)
Balance at end of year (Note 6)	<u>-</u>	<u>-</u>



APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED  
 - TUNG TAU FAVOUR CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

6 DETAILS OF SPECIFIC PROJECT FUNDS

	2022 HK\$	2021 HK\$
a. School-based After School Learning and Supporting Programme 2016/17		
Balance at beginning of year	-	31,854
Subvention refunded	-	(31,854)
Balance at end of year	-	-
b. School-based After School Learning and Supporting Programme 2018/19		
Balance at beginning of year	-	(525)
Taken up by the centre	-	525
Balance at end of year	-	-
c. School-based After School Learning and Supporting Programme 2019/20		
Balance at beginning of year	-	-
Received in advance from last year	7,557	46,477
Utilization for the year	-	(38,920)
Transfer to Received in advance	(7,557)	(7,557)
Balance at end of year	-	-
d. School-based After School Learning and Supporting Programme 2020/21		
Balance at beginning of year	-	-
Received in advance from last year	113,432	-
Subvention from Education Bureau	-	124,787
Utilization for the year	(93,367)	(11,355)
Transfer to Received in advance	(20,065)	(113,432)
Balance at end of year	-	-
e. School-based After School Learning and Supporting Programme 2021/22		
Balance at beginning of year	-	-
Subvention from Education Bureau	103,183	-
Utilization for the year	(73,505)	-
Transfer to Received in advance	(29,678)	-
Balance at end of year	-	-
f. Project - 新來港適應班 2019/20		
Balance at beginning of year	-	-
Received in advance from last year	540	1,164
Subvention refunded	(540)	-
Utilization for the year	-	(624)
Transfer to Received in advance	-	(540)
Balance at end of year	-	-

APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED  
 - TUNG TAU FAVOUR CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

6 DETAILS OF SPECIFIC PROJECT FUNDS (CONT'D)

	2022 HK\$	2021 HK\$
g. Project - 老有所為 2018-2020		
Balance at beginning of year	-	-
Received in advance from last year	-	2,857
Subvention refunded	-	(2,859)
Taken up by the centre	-	2
Balance at end of year	-	-
h. Project - 老有所為 2020/21		
Balance at beginning of year	-	-
Received in advance from last year	27,900	-
Subvention from Social Welfare Department	29,800	29,800
Subvention refunded	(44,053)	-
Utilization for the year	(13,647)	(1,900)
Transfer to Received in advance	-	(27,900)
Balance at end of year	-	-
i. Project : 非凡活力・展 - 啟航號 2021/22		
Subvention from Social Welfare Department	98,982	-
Utilization for the year	(99,065)	-
Taken up by the centre	83	-
Balance at end of year	-	-
j. Project : 有心人請食飯 2020/21		
Subvention from Project Happiness Charity Limited	-	70,000
Utilization for the year	-	(70,000)
Balance at end of year	-	-
k. Project : 社聯-賦勵慈善基金 2020/21		
Subvention from Hong Kong Council of Social Service	-	100,000
Utilization for the year	-	(100,000)
Balance at end of year	-	-
l. Project : 社聯-香港交易所慈善基金 2020/21		
Subvention from Hong Kong Council of Social Service	-	100,000
Utilization for the year	-	(100,004)
Taken up by the centre	-	4
Balance at end of year	-	-
m. Project : 非凡活力・展 - 跳躍青年同行號 2020/21		
Subvention from Wong Tai Sin District Youth Programme Executive Committee	-	51,184
Utilization for the year	-	(51,568)
Taken up by the centre	-	384
Balance at end of year	-	-
Balance c/f	-	-

APOSTOLIC FAITH CHURCH OF HONG KONG LIMITED  
 - TUNG TAU FAVOUR CENTRE  
 NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

7 CHANGE IN EQUITY

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

	Operating Fund	Specific Funds	Specific Project Funds	Total
	HK\$	HK\$	HK\$	HK\$
Balance at 1 April 2020	(792,600)	-	31,329	(761,271)
Deficit/(Surplus) for the year	(500,252)	-	118,100	(382,152)
Transfer from Specific Project Funds	149,429	-	(149,429)	-
Transfer from Flag Day Fund	<u>151,053</u>	<u>-</u>	<u>-</u>	<u>151,053</u>
Balance at 1 April 2021	(992,370)	-	-	(992,370)
Deficit/(Surplus) for the year	(316,284)	-	57,300	(258,984)
Addition of funds		10,000		10,000
Transfer from Specific Project Funds	<u>57,300</u>	<u>-</u>	<u>(57,300)</u>	<u>-</u>
Balance at 31 March 2022	<u>(1,251,354)</u>	<u>10,000</u>	<u>-</u>	<u>(1,241,354)</u>

8 REMUNERATION OF EXECUTIVE COMMITTEE MEMBERS

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

9 COMMITMENT UNDER OPERATING LEASES

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

	2022 HK\$	2021 HK\$
Not later than one year	101,928	96,996
Later than one year	<u>203,856</u>	<u>-</u>
	<u>305,784</u>	<u>96,996</u>

10 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 2022

11 RECEIVED IN ADVANCE

	2022 HK\$	2021 HK\$
Project - 老有所為 2020/21	-	27,900
Project - 新來港適應班 2019/20	-	540
School-based After School Learning and Supporting Programme Apr 2020 - Jul 2020	7,557	7,557
School-based After School Learning and Supporting Programme 2020/21	20,065	113,432
School-based After School Learning and Supporting Programme 2021/22	29,678	-
Sunday offerings	-	610
港講訴	-	16,385
	<u>57,300</u>	<u>166,424</u>

12 COMPARATIVE FIGURES

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