

**ASSOCIATION OF HONG KONG HOSPITAL
CHRISTIAN CHAPLAINCY MINISTRY LIMITED**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



W. M. LAU & COMPANY

Certified Public Accountants

劉偉明會計師事務所



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(EXPRESSED IN HONG KONG DOLLAR)

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors have pleasure in presenting their annual report together with the audited financial statements of the Charity for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Charity during the year were as follows:

- a. to serve all kinds of hospitals and clinics in which Chaplaincy Ministry is provided;
- b. to promote the development of comprehensive and co-operate Chaplaincy Ministry among hospitals and clinics in Hong Kong;
- c. to assist the establishment of Chaplaincy Ministry in new hospitals and clinics and also in existing hospitals and clinics in which no Christian Chaplaincy Ministry has yet been provided;
- d. to integrate and use the resource of churches, hospitals, clinics and other Christian organisations for the purpose of providing "Total Patient Care";
- e. to educate people in Hong Kong to have better and wider understanding of the perception of Holistic Care; and
- f. to provide training of personnel for hospital and clinic chaplaincy services.

There were no significant changes in the nature of such activities during the year.

RESULTS

The results for the year ended 31 December 2020 and the state of the Charity's affairs at that date are set out in the financial statements on pages 6 to 20.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Charity's property, plant and equipment during the year are set out in note 11 to the financial statements.

DIRECTORS

The directors who held office during the year and up to date of this report were:

Au-Yeung Siu Kei, Tony
Chan Che Keung
Chan Kai Yin
Chan Yut Wah
Fong Wai Sum
Ho Yuk Wa
Lam Kwok Kwong
Ling Yui Fai, Isaiah
Leung Chi Ying
Yeung Ka Chun

In accordance with the Articles of Association, the directors shall hold office for 2 years and shall retire and, being eligible, offer themselves for re-election.

...../To be continued

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE CHARITY'S BUSINESS

There were no contracts of significance in relation to the business of the Charity to which the Charity was a party, and in which a director of the Charity had a material interest, whether directly or indirectly, subsisted at the end of the year, or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Charity, a party to any arrangement to enable the directors of the Charity (including their spouse and children under 18 year of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Charity or its specified undertaking or other associated corporation.

BUSINESS REVIEW

The Charity falls within reporting exemption for the year. Accordingly, the Charity is exempted from preparing a business review.

PERMITTED INDEMNITY PROVISION

At no time during the year and up to the date of this report was or is there any permitted indemnity provision being in force for the benefit of any of the directors of the Charity (whether made by the Charity or otherwise) or an associated company (if made by the Charity).

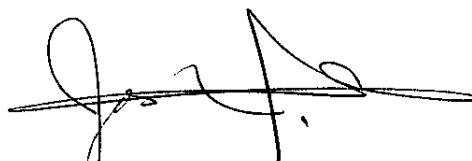
MANAGEMENT CONTRACTS

There were no contracts concerning the management and administration of the whole or any substantial part of the business of the Charity were entered into or existed during the year.

AUDITORS

W. M. Lau & Company are the Charity's retiring auditors who, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

FOR AND ON BEHALF OF THE BOARD



Chan Yut Wah
Chairman

Hong Kong
18 March 2021



INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

(Incorporated in Hong Kong with limited by guarantee)

Opinion

We have audited the financial statements of Association of Hong Kong Hospital Christian Chaplaincy Ministry Limited (the "Charity") set out on pages 6 to 20, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Charity as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with applicable Hong Kong Financial Reporting Standards ("HKFRSs") 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") 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 the Charity in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the report of the directors, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

...../To be continued



...../ Continued

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

(Incorporated in Hong Kong with limited by guarantee)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with applicable HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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 directors are responsible for assessing the Charity'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 directors either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity'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. This report is made solely to you, as a body, in accordance with section 405 of the 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 this 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.

...../To be continued



...../ Continued

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

(Incorporated in Hong Kong with limited by guarantee)

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

- 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 Charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Charity'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 Charity 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.

W. M. Lau & Co.

W. M. Lau & Company
Certified Public Accountants (Practising)

Hong Kong
18 March 2021

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Notes</i>	2020 HK\$	2019 HK\$
<u>Accumulated Fund</u>			
Income			
General fund donation		4,030,844	3,626,560
Membership fee		82,400	83,600
Fund raising activities, net	5	534,209	532,955
Other income	6	897,333	895,169
Bank interest income		40	2,089
		5,544,826	5,140,373
Administrative expenses			
Auditor remunerations		9,400	9,400
Bank charges		24,366	21,420
Building management fee		13,200	13,200
Cleaning expenses		30,000	30,289
Depreciation		185,054	202,159
Electricity and water		18,147	44,160
Entertainment		5,608	5,483
Insurance		4,038	4,038
Legal and professional fee		3,838	3,933
Ministry expenses	7	261,234	673,290
Office expenses		20,510	33,631
Office publication expenses		286,660	357,601
Pager and mobile phone expenses		1,368	1,368
Postage		20,368	19,459
Printing		37,788	41,561
Rates and government rent		11,520	23,720
Repairs and maintenance		49,951	104,580
Staff costs	10	4,498,588	4,231,376
Stationery		5,295	5,968
Telephone		12,014	10,476
Travelling expenses		1,552	1,670
		5,500,499	5,838,782
Operating surplus/(deficit) for the year	8	44,327	(698,409)
<u>“We care” Periodicals Fund</u>			
Surplus for the year	13	315,607	20,633
<u>Chaplaincy Professional Development Fund</u>			
Surplus/(deficit) for the year	14	30,638	(20,560)
Total comprehensive income/(deficit) for the year		390,572	(698,336)

The notes on pages 10 to 20 form part of these financial statements.

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Accumulated fund HK\$	Development fund HK\$	“We care” periodicals fund HK\$	Chaplaincy professional development fund HK\$	Chaplaincy ministry development fund HK\$	Total HK\$
At 1 January 2019	5,881,645	655,331	279,567	237,540	135,506	7,189,589
(Deficit)/surplus for the year	(698,409)	--	20,633	(20,560)	--	(698,336)
At 31 December 2019 and As at 1 January 2020	5,183,236	655,331	300,200	216,980	135,506	6,491,253
Surplus for the year	44,327	--	315,607	30,638	--	390,572
At 31 December 2020	<u>5,227,563</u>	<u>655,331</u>	<u>615,807</u>	<u>247,618</u>	<u>135,506</u>	<u>6,881,825</u>

The notes on pages 10 to 20 form part of these financial statements.

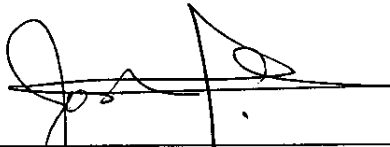
**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

STATEMENT OF FINANCIAL POSITION

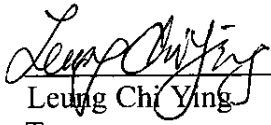
AS AT 31 DECEMBER 2020

	<i>Notes</i>	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Non-current asset			
Property, plant and equipment	<i>11</i>	<u>3,916,649</u>	<u>4,062,731</u>
Current assets			
Sundry receivables		8,800	17,465
Prepayments		41,738	25,465
Utility and sundry deposits		12,800	12,800
Cash and bank balances		<u>3,580,790</u>	<u>3,097,470</u>
		<u>3,644,128</u>	<u>3,153,200</u>
Current liabilities			
Accrued expenses		9,900	11,650
Temporary receipts		<u>669,052</u>	<u>713,028</u>
		<u>678,952</u>	<u>724,678</u>
Net current assets		<u>2,965,176</u>	<u>2,428,522</u>
Net assets		<u>6,881,825</u>	<u>6,491,253</u>
Equity			
Accumulated fund		5,227,563	5,183,236
Development fund	<i>12</i>	655,331	655,331
“We care” periodicals fund	<i>13</i>	615,807	300,200
Chaplaincy professional development fund	<i>14</i>	247,618	216,980
Chaplaincy ministry development fund	<i>15</i>	<u>135,506</u>	<u>135,506</u>
		<u>6,881,825</u>	<u>6,491,253</u>

The financial statements were approved and authorised for issue by Board on 18 March 2021 and signed on its behalf by:



Chan Yut Wah
Chairman



Leung Chi Ying
Treasurer

The notes on pages 10 to 20 form part of these financial statements.

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Note</i>	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Cash flows from operating activities			
Total comprehensive income/(deficit) for the year		390,572	(698,336)
Adjustments for:			
- Depreciation	8	185,054	202,159
- Interest received	8	<u>(40)</u>	<u>(2,089)</u>
Operating surplus/(deficit) before working capital changes		575,586	(498,266)
Decrease in sundry receivables		8,665	30,442
(Increase)/decrease in prepayments		(16,273)	5,485
(Decrease)/increase in accrued expenses		(1,750)	1,700
(Decrease)/increase in temporary receipts		<u>(43,976)</u>	<u>44,752</u>
Net cash generated/(used in) from operating activities		<u>522,252</u>	<u>(415,887)</u>
Cash flows from investing activities			
Interest received		40	2,089
Purchase of property, plant and equipment		<u>(38,972)</u>	<u>(41,608)</u>
Net cash used in investing activities		<u>(38,932)</u>	<u>(39,519)</u>
Net increase/(decrease) in cash and cash equivalents		483,320	(455,406)
Cash and cash equivalents at beginning of the year		<u>3,097,470</u>	<u>3,552,876</u>
Cash and cash equivalents at end of the year		<u><u>3,580,790</u></u>	<u><u>3,097,470</u></u>

The notes on pages 10 to 20 form part of these financial statements.

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Association of Hong Kong Hospital Christian Chaplaincy Ministry Limited is a charity incorporated in Hong Kong and limited by guarantee. In pursuant to Article 6 of the Memorandum of Association, every member undertakes to contribute to the assets of the Charity, in the event of its being wound up, such amount as may be required not exceeding ten Hong Kong dollars. The address of its registered office is Ground Floor, 4-6 Heng Lam Street, Lok Fu, Kowloon, Hong Kong.

The principal activities of the Charity are as follows:

- a. to serve all kinds of hospitals and clinics in which Chaplaincy Ministry is provided;
- b. to promote the development of comprehensive and co-operate Chaplaincy Ministry among hospitals and clinics in Hong Kong;
- c. to assist the establishment of Chaplaincy Ministry in new hospitals and clinics and also in existing hospitals and clinics in which no Christian Chaplaincy Ministry has yet been provided;
- d. to integrate and use the resource of churches, hospitals, clinics and other Christian organisations for the purpose of providing "Total Patient Care";
- e. to educate people in Hong Kong to have better and wider understanding of the perception of Holistic Care; and
- f. to provide training of personnel for hospital and clinic chaplaincy services.

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The Charity's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Charity is set out in note 3.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Charity. Of these, no developments are relevant to the Charity's financial statements.

The Charity has not applied any new standard or interpretation that is not yet effective for the current accounting period.

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The measurement basis used in preparing the financial statements is historical cost convention.

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Leasehold building	2.5%
Leasehold improvements	2.5%
Furniture & fixture	20%
Office equipment	20%

The residual value and the useful life of an asset are reviewed at least at each financial year-end.

The Charity assesses at each reporting date whether there is any indication that any items of property, plant and equipment may be impaired and that an impairment loss recognised in prior periods for an item may have decreased. If any such indication exists, the Charity estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, or a reversal of impairment loss is recognised immediately in profit or loss.

Gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Impairment loss

At each reporting date, the Charity reviews internal and external sources of information to determine whether the carrying amounts of its property, plant and equipment have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its net selling price and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Charity estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impairment loss (continued)

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income immediately.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Charity has legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the Charity's cash management are included as a component of cash and cash equivalents.

Sundry receivable, prepayment, temporary payment and utility and sundry deposits

Sundry receivable, prepayment, temporary payment and utility and sundry deposits are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts.

At each reporting date, the Charity assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on deposits and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Accrued expenses, receipts in advance and temporary receipts

Accrued expenses, receipts in advance and temporary receipts are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

Employee benefits

Salaries, annual bonuses, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated in their present values.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the Charity and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognised as follows:

Donation income and membership fee is recognised when it becomes receivables.

Revenue from activities is recognised upon completion of services provided.

Interest income is recognised on a time proportion basis by reference to the principal amounts outstanding and the interest rates applicable.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The Charity's management committee makes assumptions, estimates and judgements in the process of applying the Charity's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

Key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out as follows:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Charity assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimates, such differences from the original estimates will impact the depreciation charges in the year in which the estimates change.

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

Impairment of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use calculation requires the Charity to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

5. FUND RAISING ACTIVITIES, NET

Fund raising activities were jointly organised by the Charity and its related hospital chaplaincy members. Details are as follows:

	2020	2019
	<i>HK\$</i>	<i>HK\$</i>
Funds raised	<u>3,425,606</u>	<u>4,119,648</u>
Less: Expenses incurred	33,885	42,635
Funds remitted to related hospital chaplaincy members	2,845,838	3,518,780
Funds available for distribution	<u>11,674</u>	<u>25,278</u>
	<u>2,891,397</u>	<u>3,586,693</u>
Net income from activities	<u><u>534,209</u></u>	<u><u>532,955</u></u>

6. OTHER INCOME

		2020	2019
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Income received from "We care" periodicals fund	<i>13</i>	140,000	330,169
Income received from chaplaincy professional development fund	<i>14</i>	40,000	237,540
35 th Anniversary		46,866	167,490
Fee income		6,800	52,590
Others		97,527	107,380
Government subsidy - employment support scheme		<u>566,140</u>	<u>--</u>
		<u><u>897,333</u></u>	<u><u>895,169</u></u>

**ASSOCIATION OF HONG KONG HOSPITAL CHRISTIAN
CHAPLAINCY MINISTRY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

7. MINISTRY EXPENSES

	<i>Note</i>	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Expenses relating to "We care" periodicals fund	<i>13</i>	137,927	302,598
Ministry network		--	64
Expenses relating to chaplaincy professional development fund	<i>14</i>	44,821	72,066
Joint ministry expenses		78,486	298,562
		<u>261,234</u>	<u>673,290</u>

8. OPERATING SURPLUS/(DEFICIT) FOR THE YEAR

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Operating surplus/(deficit) for the year is stated at after charging/(crediting):		
Auditor's remuneration	9,400	9,400
Depreciation	185,054	202,159
Bank interest income	(40)	(2,089)
	<u>194,414</u>	<u>209,470</u>

9. INCOME TAX EXPENSE

The Charity has been granted exemption from any profits tax assessment as a charitable organisation under Section 88 of the Inland Revenue Ordinance, Hong Kong.

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10. STAFF COSTS AND DIRECTORS' REMUNERATION

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Staff costs:		
Salaries	4,121,230	3,856,662
Bonus	49,100	50,525
Provident fund contributions	275,627	273,199
Medical allowance	7,571	11,815
Employee compensation and medical insurance	43,935	38,325
Training	1,125	850
	4,498,588	4,231,376

DIRECTORS' REMUNERATION

None of the directors received any remuneration in respect of their services rendered for the year (2019: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings <i>HK\$</i>	Leasehold improvements <i>HK\$</i>	Furniture and fixtures <i>HK\$</i>	Office equipment <i>HK\$</i>	Total <i>HK\$</i>
Cost					
At 1 January 2020	5,474,810	1,643,090	1,565,314	589,166	9,272,380
Additions	--	--	14,800	24,172	38,972
At 31 December 2020	5,474,810	1,643,090	1,580,114	613,338	9,311,352
Aggregated depreciation					
At 1 January 2020	2,691,797	418,823	1,534,686	564,343	5,209,649
Charge for the year	132,040	41,076	(412)	12,350	185,054
At 31 December 2020	2,823,837	459,899	1,534,274	576,693	5,394,703
Net carrying amount					
At 31 December 2020	2,650,973	1,183,191	45,840	36,645	3,916,649

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11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings HK\$	Leasehold improvements HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Cost					
At 1 January 2019	5,474,810	1,643,090	1,528,604	584,268	9,230,772
Additions	<u>--</u>	<u>--</u>	<u>36,710</u>	<u>4,898</u>	<u>41,608</u>
At 31 December 2019	<u>5,474,810</u>	<u>1,643,090</u>	<u>1,565,314</u>	<u>589,166</u>	<u>9,272,380</u>
Aggregated depreciation					
At 1 January 2019	2,559,757	377,747	1,518,951	551,035	5,007,490
Charge for the year	<u>132,040</u>	<u>41,076</u>	<u>15,735</u>	<u>13,308</u>	<u>202,159</u>
At 31 December 2019	<u>2,691,797</u>	<u>418,823</u>	<u>1,534,686</u>	<u>564,343</u>	<u>5,209,649</u>
Net carrying amount					
At 31 December 2019	<u>2,783,013</u>	<u>1,224,267</u>	<u>30,628</u>	<u>24,823</u>	<u>4,062,731</u>

The Charity's leasehold properties are located in Hong Kong under medium-term leases.

12. DEVELOPMENT FUND

	2020 HK\$	2019 HK\$
Balance brought forward and carried forward	<u>655,331</u>	<u>655,331</u>

13. "WE CARE" PERIODICALS FUND

	<i>Notes</i>	2020 HK\$	2019 HK\$
Donation received		420,173	350,802
Activity income		35,434	--
Expenses		(137,927)	(302,598)
Add: Transfer to ministry expenses	7	137,927	302,598
Less: Transfer to other income	6	<u>(140,000)</u>	<u>(330,169)</u>
Surplus for the year		315,607	20,633
Balance brought forward		<u>300,200</u>	<u>279,567</u>
Balance carried forward		<u>615,807</u>	<u>300,200</u>

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FOR THE YEAR ENDED 31 DECEMBER 2020

14. CHAPLAINCY PROFESSIONAL DEVELOPMENT FUND

	<i>Notes</i>	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Donation received		70,638	216,980
Expenses		(44,821)	(72,066)
Add: Transfer to ministry expenses	7	44,821	72,066
Less: Transfer to other income	6	(40,000)	(237,540)
Surplus/(deficit) for the year		30,638	(20,560)
Balance brought forward		216,980	237,540
Balance carried forward		247,618	216,980

15. CHAPLAINCY MINISTRY DEVELOPMENT FUND

		2020 <i>HK\$</i>	2019 <i>HK\$</i>
Balance brought forward and carried forward		135,506	135,506

16. FINANCIAL RISK MANAGEMENT

The Charity is exposed to various kinds of risks in its operation and financial instruments. The Charity's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Charity by closely monitoring the individual exposure as follows:

a. Market risk

i. Currency risk

The Charity seldom involves in purchasing and selling of foreign currencies, that exposes it to foreign currency risk arising from fund raising and, income from various workshops and activities. The exposure currency risk is considered not significant.

ii. Fair value interest rate risk

The Charity's exposure on fair value interest rate risk mainly arises from its fixed and savings deposits with banks and cash and cash equivalents and the exposure of which is considered not significant.

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FOR THE YEAR ENDED 31 DECEMBER 2020

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Liquidity risk

The Charity manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

The table below summaries the maturity profile of the Charity's financial liabilities at December 31 based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date.

As at 31 December 2020	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 years HK\$	Total HK\$
Accrued expenses	9,900	--	--	--	9,900
Temporary receipts	669,052	--	--	--	669,052
	678,952	--	--	--	678,952
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2019	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 years HK\$	Total HK\$
Accrued expenses	11,650	--	--	--	11,650
Temporary receipts	713,028	--	--	--	713,028
	724,678	--	--	--	724,678
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

17. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the reporting date are as follows:

	2020	2019
<u>Financial assets</u>	<u>HK\$</u>	<u>HK\$</u>
Sundry receivables	8,800	17,465
Utility and sundry deposits	12,800	12,800
Cash and bank balances	<u>3,580,790</u>	<u>3,097,470</u>
<i>Financial assets at amortised cost</i>	<u><u>3,602,390</u></u>	<u><u>3,127,735</u></u>
	2020	2019
<u>Financial liabilities</u>	<u>HK\$</u>	<u>HK\$</u>
Accrued expenses	9,900	11,650
Temporary receipts	<u>669,052</u>	<u>713,028</u>
<i>Financial liabilities at amortised cost</i>	<u><u>678,568</u></u>	<u><u>724,678</u></u>