



ALL VIRTUES BAPTIST CHURCH

百德浸信會

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CHINAWEAL CPA & CO.

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG



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10/11/2021

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For and on behalf of
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ALL VIRTUES BAPTIST CHURCH

.....
Authorized Signature(s)

CHUNG WILSON, DIRECTOR 0141

ALL VIRTUES BAPTIST CHURCH

百德浸信會

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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ALL VIRTUES BAPTIST CHURCH

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REPORT OF THE COUNCILLORS
FOR THE YEAR ENDED 31 DECEMBER 2020

The Councillors have pleasure in submitting the annual report together with the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activities of the Church were relating to the propagation and dissemination of the Gospel and proclamation of Christ's salvation so as to enlighten all mankind to recognise God and understand the truth during the year.

FINANCIAL STATEMENTS

The results of the Church for the year ended 31 December 2020, the state of the Church's affairs at that date and the movements on the reserves and funds are set out in the annexed financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 7 on the financial statements.

PERMITTED INDEMNITY PROVISION

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more Councillors of the Church.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more Councillors of the Church.

EQUITY-LINKED ARRANGEMENT

During the financial year, the Church has not entered into any equity-linked agreement.

At the end of the financial year, the Church subsisted of no equity-linked agreement.

BUSINESS REVIEW

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

MANAGEMENT CONTRACTS

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

ALL VIRTUES BAPTIST CHURCH
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REPORT OF THE COUNCILLORS
FOR THE YEAR ENDED 31 DECEMBER 2020

COUNCILLORS

The Councillors of the Church during the year and up to the date of this report were:

Chan Chor Fai (Appointed on 1 January 2020 and Resigned on 30 June 2020)
Chim Siu Chung, Stephen
Chung Wilson
Fung Mei Ang
Kei Pui Tung
Kwok Wai Man
Lai Ka Lok
Lai Po Wah
Lam Ka Wai
Lau Suk Yin, Rebecca
Leung Wai Yuen
Li Lai Sim, Mawina (Appointed on 1 January 2021)
Ng Fai Lun
Ng Sau Han
Ngai Kung Sang
Tam Ming Kui
Wan Mark
Yau Mo Chun
Yeung Chai Wing
Yu Tak Ming (Appointed on 1 January 2021)

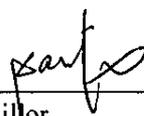
In accordance with Article 31 of the Church's Articles of Association, all Councillors except Ordained Deacons shall hold office for a term of not more than two years but are eligible for re-election or re-appointment.

AUDITOR

Chinaweal CPA & Co. Certified Public Accountants (Practising) were appointed as Church's auditor who retire and, being eligible for re-appointment.

A resolution for the re-appointment of Chinaweal CPA & Co. Certified Public Accountants (Practising) as auditor of the Church is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Council



Councillor

Hong Kong, 8 AUG 2021

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ALL VIRTUES BAPTIST CHURCH

百德浸信會

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of All Virtues Baptist Church ("the Church") set out on pages 6 to 13, which comprise the statement of financial position as at 31 December 2020, and the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Church 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 of Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Church 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.

Other Information

The Councillors are responsible for the other information. The other information comprises the information included in the report of the Councillors, but does not include the financial statements and our auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ALL VIRTUES BAPTIST CHURCH

百德浸信會

(incorporated in Hong Kong with limited liability)

Responsibilities of Councillors' and Those Charged with Governance for the Financial Statements

The Councillors are responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Councillors 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 Councillors are 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 the Councillors either intend to liquidate the Church or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibility 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 auditors' 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 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 Church's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ALL VIRTUES BAPTIST CHURCH

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Auditors' responsibility for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Councillors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Church 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 control that we identify during our audit.



Chinaweal CPA & Co.
Certified Public Accountants (Practising)
Hong Kong, 8 AUG 2021

ALL VIRTUES BAPTIST CHURCH
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INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Income	2	5,785,640	6,804,452
Other incomes	2	379,756	653
		<u>6,165,396</u>	<u>6,805,105</u>
Administrative expenses		(5,284,639)	(5,745,284)
Other operating expenses		(920,447)	(1,583,155)
Finance cost	3	(43,170)	(59,811)
Deficit before tax	4	(82,860)	(583,145)
Income tax expense	6	-	-
Deficit for the year		<u>(82,860)</u>	<u>(583,145)</u>

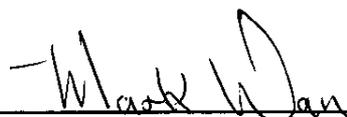
The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

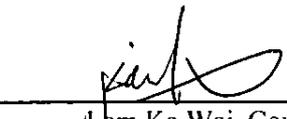
ALL VIRTUES BAPTIST CHURCH
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STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Non-current asset			
Property, plant and equipment	7	51,239,935	52,134,709
Current assets			
Deposits paid		103,531	104,131
Prepayments		59,538	33,911
Bank balances		593,808	442,069
		756,877	580,111
Current liabilities			
Secured bank loan	8	1,523,230	2,218,254
Accrued charges and other payables		92,132	32,256
		(1,615,362)	(2,250,510)
Net Current liabilities		(858,485)	(1,670,399)
NET ASSETS		50,381,450	50,464,310
RESERVE			
Accumulated Surplus	9	50,301,450	50,384,310
Charity fund	9	80,000	80,000
		50,381,450	50,464,310

Approved by:


Wan Mark, Councillor


Lam Ka Wai, Councillor

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

ALL VIRTUES BAPTIST CHURCH

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**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Reporting entity

All Virtues Baptist Church ("The Church") is a non-profit making organization incorporated in Hong Kong and limited by guarantee under the Companies Ordinance. The registered office is located at 18/F., E-Trade Plaza, 24 Lee Chung Street, Chai Wan, Hong Kong.

The Church were relating to the propagation and dissemination of the Gospel and proclamation of Christ's salvation so as to enlighten all mankind to recognise God and understand the truth. There were no significant changes in the nature of the Church's principal activities during the year.

The liability of the members is limited whilst every member of the Church undertakes to contribute to the assets of the Church in the event of its being wound up while he is a member, or within one year after he ceased to be a member by not exceeding HK\$100.

1. Basis of preparation and accounting policies

The Church qualifies for the reporting exemption as a small company limited by guarantee under section 359(3)(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.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Church is a going concern.

The measurement base adopted is the historical cost convention.

The Church incurred a net deficit of HK\$82,860 during the year ended 31 December 2020 and, as of that date, the Company's current liabilities exceeded its current assets by HK\$858,485. The councillors considered this condition do not cast significant doubt about the going concern of the Church because the net deficit and net current liabilities were mainly caused by the depreciation provision amount to HK\$920,251, which has no effect on cashflow.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Church and when the revenue can be measured reliably, on the following bases:

- (i) Offerings and contributions are recognised when the donation money is received from the donor; and
- (ii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(b) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Basis of preparation and accounting policies (continued)

(c) Property, plant and equipment

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

The depreciation amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Leasehold land	over the unexpired term of lease
Leasehold building	Lesser of 50 years and unexpired term of lease
Leasehold improvement	20% on straight-line basis
Furniture and equipment	25% on straight-line basis

(d) 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, intangible assets 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.

(e) Leases

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

(f) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

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**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Basis of preparation and accounting policies (continued)

(g) Employee benefits

(i) Retirement scheme

The Church participates in a defined contribution mandatory provident fund retirement benefits scheme in compliance with the Mandatory Provident Fund Schemes Ordinance. The assets of this scheme are held separately from those of the Church and administered independently. The Church's contributions are recognised in the income statement when incurred.

(ii) Salaries, bonuses and leave benefits

Employee entitlements to salaries, annual bonuses, paid annual leave, leave passage and the cost to the Church of non-monetary benefits 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 end of the reporting period. Employee entitlements to sick leave and maternity leave are recognised when the absences occur.

2. Incomes

An analysis of the Church's incomes is as follows:

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Income		
Offerings and contributions	5,785,640	6,804,452
Other incomes		
Bank interest income	78	653
Sundry income	379,678	-
Total incomes	<u>6,165,396</u>	<u>6,805,105</u>

ALL VIRTUES BAPTIST CHURCH
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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. Finance cost

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Secured bank loan interest	43,170	59,811

4. Deficit before tax

Deficit before tax are arrived at:

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		<u>HK\$</u>	<u>HK\$</u>
After charging the following items:			
Depreciation on property, plant and equipment	7	920,251	1,583,155
Loss on disposal of property, plant and equipment		196	-
Operating lease charges - leasehold land and building		128,920	75,600
Staff costs		1,274,513	1,304,487

5. Councillors' remuneration

Councillors' remuneration disclosed pursuant to section 383(1)(a) of the Companies Ordinance is as follows:

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Fees	-	-
Other emoluments	2,054,791	2,405,497
Mandatory provident fund contribution	105,057	173,570

6. Income tax expense

No Hong Kong profits tax has been provided in the financial statements as the Church is a charitable institution and has been exempted under Section 88 of the Inland Revenue Ordinance. (2019: Nil)

ALL VIRTUES BAPTIST CHURCH

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**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****7. Property, plant and equipment**

	<u>Leasehold land and building</u> HK\$	<u>Leasehold improvement</u> HK\$	<u>Furniture and equipment</u> HK\$	<u>Total</u> HK\$
Cost:				
At 1 January 2020	56,629,209	4,077,455	1,507,317	62,213,981
Disposals	-	-	(392)	(392)
Addition	-	-	25,673	25,673
At 31 December 2020	<u>56,629,209</u>	<u>4,077,455</u>	<u>1,532,598</u>	<u>62,239,262</u>
Accumulated depreciation and impairment losses:				
At 1 January 2020	4,624,718	4,046,797	1,407,757	10,079,272
Written back on disposal	-	-	(196)	(196)
Depreciation for the year	849,438	30,658	40,155	920,251
At 31 December 2020	<u>5,474,156</u>	<u>4,077,455</u>	<u>1,447,716</u>	<u>10,999,327</u>
Net carrying amount:				
At 31 December 2020	<u>51,155,053</u>	<u>-</u>	<u>84,882</u>	<u>51,239,935</u>
At 31 December 2019	<u>52,004,491</u>	<u>30,658</u>	<u>99,560</u>	<u>52,134,709</u>

As at 31 December 2020, the leasehold land and building is situated in Hong Kong and held on medium-term lease.

As at 31 December 2020, the net carrying amount of leasehold land and building pledged as securities for the secured bank loan amounted to HK\$51,155,053 (2019: HK\$52,004,491).

ALL VIRTUES BAPTIST CHURCH

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**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****8. Secured bank loan**

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
HK\$7,000,000 15 year loan - fully repayable in June 2029	1,523,230	2,218,254

At the end of the reporting period, general banking facilities granted to the Church amounted to HK\$12,000,000 (2019: HK\$12,000,000) are secured by joint and several personal guarantees executed by councillors and the leasehold land and building of the Church.

9. Changes in reserve

	<u>Accumulated surplus</u> <u>HK\$</u>	<u>Charity fund</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Balance as at 1 January 2020	50,384,310	80,000	50,464,310
Deficit for the year	(82,860)	-	(82,860)
Balance as at 31 December 2020	<u>50,301,450</u>	<u>80,000</u>	<u>50,381,450</u>

Pursuant to a special resolution of meeting of the Councillors passed on 11 August 2019, a charity fund was established to provide emergency economic support to those in need, whether believer or not. The upper limit of each individual assistance is HK\$50,000. The fund was contributed by the donation from the believers with a balance set at HK\$80,000 as at the end of each reporting period. Any deficits will be transferred from the donations for tithing. When the balance is exceeded, the surplus will be transferred as tithing.

10. Commitments under operating leases

The Church had the following total future minimum lease payments payable under non-cancellable operating leases:

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Not later than one year	72,000	6,300
Later than one year	12,000	-
	<u>84,000</u>	<u>6,300</u>

11. Approval of financial statements

These financial statements were authorised for issue by the Church's Councillors on 8 AUG 2021 .

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