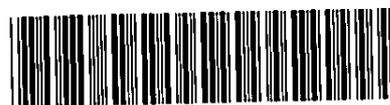


**ABUNDANT GRACE BAPTIST CHURCH, LIMITED**  
**深恩浸信會有限公司**

**(Limited by Guarantee)**

**Reports and Financial Statements**

**For the year ended 31 August 2020**



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**ABUNDANT GRACE BAPTIST CHURCH, LIMITED**

**深恩浸信會有限公司**

**Reports and Financial Statements**  
**For the year ended 31 August 2020**

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**ABUNDANT GRACE BAPTIST CHURCH, LIMITED**

深恩浸信會有限公司

**Deacons' Report**

The deacons have pleasure to present their annual report together with the audited financial statements of the Church for the year ended 31 August 2020.

**Principal activities**

The principal activities of the Church are to advance the Christian religion, to spread and preach the Gospel to all people, to teach Christian Biblical truth, to baptize God's disciples, and to promote the fraternity relationship of the members of the Church during the year.

**Results**

The financial performance and movement of reserves of the Church for the year ended 31 August 2020 and its financial position as at that date are set out in the financial statements on pages 4 to 8.

**Deacons**

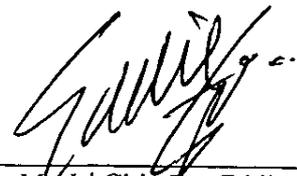
The deacons who held office during the year and at the date of this report were,

Mr. Li Chiu Pan Eddie	
Ms. Lo Po Lin	
Ms. Chan Fung Yee	
Mr. Li Tung Wing	- appointed on 1.1.2020
Mr. Cheng Chun Fai Hudson	- appointed on 1.1.2020
Mr. Lau Tsz Kin Daniel	- resigned on 31.12.2019
Ms. Leung Pik Kwan	- resigned on 31.12.2019
Ms. Tsoi Ka Wai Sherry	- resigned on 31.12.2019

**Auditor**

The financial statements have been audited by Messrs. LKY China who offer themselves for re-appointment.

On behalf of the Board



Mr. Li Chiu Pan Eddie  
Chairman

Hong Kong, 23 OCT 2020



華強會計師事務所

**LKY CHINA**

Certified Public Accountants (Practising), Hong Kong

Partners:

甄達華會計師

JOSEPH T. W. YAN

FCPA (Practising), FCA,  
FCCA, FTIHK, FSCA

蔡少芬會計師

NATALIE S.F. CHOY

CPA (Practising), FCCA,  
MA (Acctg)

Principal:

張文傑主管

KEN M.K. CHEUNG

## Independent Auditor's Report

To the Members of ABUNDANT GRACE BAPTIST CHURCH, LIMITED 深恩浸信會有限公司  
(Incorporated in Hong Kong with limited liability)

### Opinion

We have audited the financial statements of ABUNDANT GRACE BAPTIST CHURCH, LIMITED ("the Church") set out on pages 4 to 8, which comprise the statement of financial position as at 31 August 2020, and the income statement, and statement of changes in equity 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 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 the Church 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.

### Information other than the financial statements and auditor's report thereon

The deacons are responsible for the other information. The other information comprises the information included in this Deacons' Report and Detailed Income Statement, but does not include 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.

### Responsibilities of Deacons and Those Charged with Governance for the Financial Statements

The deacons are responsible for the preparation of the financial statements in accordance with SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the deacons determine are 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 deacons 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 deacons 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.

香港中環德輔道中99-105號大新人壽大廈五字樓

5/F, DAN SIANG LEE BUILDING, 99-105 DES VOEUX ROAD CENTRAL, HONG KONG

Tel: (852) 2845 4112 Fax: (852) 2845 2907 E-Mail: lkycpa@lky.com.hk Website: www.lky.com.hk



華強會計師事務所

**LKY CHINA**

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING), HONG KONG

**Independent Auditor's Report (cont'd)**

**To the Members of ABUNDANT GRACE BAPTIST CHURCH, LIMITED 深恩浸信會有限公司**

**(Incorporated in Hong Kong with limited liability)**

Partners:

甄達華會計師

JOSEPH T. W. YAN

F CPA (Practising), FCA,  
FCCA, FTIHK, FSCA

蔡少芬會計師

NATALIE S. F. CHOY

CPA (Practising), FCCA,  
MA (Acctg)

Principal:

張文傑主管

KEN M.K. CHEUNG

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

LKY China  
Certified Public Accountants (Practising)

Hong Kong, 23 OCT 2020

**ABUNDANT GRACE BAPTIST CHURCH, LIMITED**

深恩浸信會有限公司

**Income Statement**  
**For the year ended 31 August 2020**

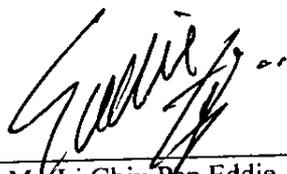
	Note	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
<b>Income</b>	3	2,363,905	2,408,979
Administrative expenses		(2,619,878)	(2,525,098)
<b>Deficit from operations</b>	4	<u>(255,973)</u>	<u>(116,119)</u>
Bank interest income		104	227
Government employment subsidies		108,000	-
Other income		2,500	-
<b>Deficit for the year</b>		<u>(145,369)</u>	<u>(123,892)</u>

**ABUNDANT GRACE BAPTIST CHURCH, LIMITED**  
 深恩浸信會有限公司

**Statement of Financial Position**  
**as at 31 August 2020**

	<u>Note</u>	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
<b>Non-current assets</b>			
Property and furniture	6	<u>5,235,856</u>	<u>5,349,178</u>
<b>Current assets</b>			
Deposits and prepayment		109,404	87,440
Cash and bank balances		1,736,280	1,789,429
		<u>1,845,684</u>	<u>1,876,869</u>
<b>Current liabilities</b>			
Accrued charges and other payables		19,475	18,613
		<u>1,826,209</u>	<u>1,858,256</u>
<b>Net current assets</b>			
		<u>7,062,065</u>	<u>7,207,434</u>
<b>Net assets</b>			
<b>Financed by :-</b>			
<b>Reserves</b>			
General fund		6,469,564	6,614,933
Various fund		592,501	592,501
		<u>7,062,065</u>	<u>7,207,434</u>
<b>Total reserves</b>			

The financial statements together with accompany notes set out on pages 4 to 8 were approved and authorized for issue by the Board of Deacons on **23 OCT 2020** and signed on its behalf by



Mr. Li Chiu Pan Eddie  
Deacon



Ms. Chan Fung Yee  
Deacon

**ABUNDANT GRACE BAPTIST CHURCH, LIMITED**  
 深恩浸信會有限公司

**Statement of Changes in Reserves**  
**For the year ended 31 August 2020**

	Various Funds					<u>Sub-total</u> HK\$	<u>Total</u> HK\$
	<u>General</u> <u>fund</u> HK\$	<u>Development</u> <u>fund</u> HK\$	<u>Theological</u> <u>studies</u> <u>fund</u> HK\$	<u>Emergency</u> <u>support</u> <u>fund</u> HK\$	<u>Surplus</u> <u>prior to</u> <u>incorporation</u> HK\$		
<b>Balance as at 1 September 2018</b>	6,832,431	301,987	50,000	50,000	96,908	498,895	7,331,326
Transfer between funds	(101,606)	60,000	-	-	41,606	101,606	-
Net deficit for the year	(115,892)	-	-	-	-	-	(115,892)
Emergency supports expense	-	-	-	(8,000)	-	(8,000)	(8,000)
<b>Balance as at 1 September 2019</b>	6,614,933	361,987	50,000	42,000	138,514	592,501	7,207,434
Net deficit for the year	(145,369)	-	-	-	-	-	(145,369)
<b>Balance as at 31 August 2020</b>	<u>6,469,564</u>	<u>361,987</u>	<u>50,000</u>	<u>42,000</u>	<u>138,514</u>	<u>592,501</u>	<u>7,062,065</u>

**ABUNDANT GRACE BAPTIST CHURCH, LIMITED**

深恩浸信會有限公司

**Notes to the Financial Statements**  
**For the year ended 31 August 2020**

**1. General information**

The Church is an association domiciled and incorporated in Hong Kong with liabilities of members limited by guarantee. The address of the registered office and principal place of operations of the Church is Rooms 605-613, Workingbond Commercial Centre, 162 Prince Edward Road West, Kowloon, Hong Kong. The principal activities of the Church are to advance the Christian religion, to spread and preach the Gospel all people, to teach Christian Biblical truth, to baptize God's disciples, and to promote the fraternity relationship of the members of the Church. The functional currency of the Church is Hong Kong dollars.

**2. Basis of preparation and significant accounting policies**

The Church qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance. The Church 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's financial statements for the year ended 31 August 2020 are its first financial statements prepared under accounting policies that comply with the SME-FRS. The Church applied Hong Kong Financial Reporting Standards ("HKFRS") prior to the application of the SME-FRS. There is no effect of net assets for the adoption the SME-FRS on these financial statements.

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements,

**a. Property and fixtures**

Property and fixtures are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives on a straight line basis.

**b. 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.

**c. Revenue recognition**

All income are recognised on cash received basis. Other income is recognized on receivable basis.

**d. Retirement benefit costs**

Payment to defined contribution retirement benefit plans are charged as an expense as they fall due.

**3. Income**

Income represents offerings received by the Church during the year.

**ABUNDANT GRACE BAPTIST CHURCH, LIMITED**  
**深恩浸信會有限公司**

**Notes to the Financial Statements**  
**For the year ended 31 August 2020**

**4. Deficit from operations**

Deficit from operations is stated after charging the following items,

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Deacons' emolument		
- as deacons	-	-
- for management	-	-
	<hr/>	<hr/>
Staff cost		
- staff salaries and allowances	1,268,009	1,207,913
- contribution to provident fund	57,710	55,828
	<hr/>	<hr/>
	1,325,719	1,263,741
Auditor's remuneration	5,600	5,600
Depreciation	141,915	144,267
Donations and subvention	525,958	441,656
Hire of premise under operation lease	161,000	109,400
	<hr/>	<hr/>

**5. Tax**

The Church has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable institution of a public character.

**6. Property and furniture**

	<u>Leasehold property</u> <u>HK\$</u>	<u>Decoration and fixtures</u> <u>HK\$</u>	<u>Furniture and equipment</u> <u>HK\$</u>	<u>Books and hymns</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Cost					
As at 1.9.2019	6,819,865	1,061,526	338,957	11,852	8,232,200
Additions during the year	-	-	28,593	-	28,593
As at 31.8.2020	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	6,819,865	1,061,526	367,550	11,852	8,260,793
Aggregate depreciation					
As at 1.9.2019	1,939,645	745,198	187,190	10,989	2,883,022
Charges for the year	92,160	31,633	18,036	86	141,915
As at 31.8.2020	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,031,805	776,831	205,226	11,075	3,024,937
Net book value					
As at 31.8.2020	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,788,060	284,695	162,324	777	5,235,856
As at 31.8.2019	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,880,220	316,328	151,767	863	5,349,178

Depreciation on leasehold property is charged on a straight line basis over the remaining term of leases. Depreciation on other assets are charged on reducing balancing basis over their estimated useful lives to the Church at the annual rate of 10%.

**7. Operating leases commitment**

At 31 August 2020, the Church had the following total future lease payments under non-cancellable operating leases,

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Within one year	252,000	113,000
Two to five years	230,000	123,500
	<hr/>	<hr/>
	482,000	236,500

**ABUNDANT GRACE BAPTIST CHURCH, LIMITED**  
**深恩浸信會有限公司**

**Detailed Income Statement**  
**For the year ended 31 August 2020**  
**(For management information only)**

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
<b>Income</b>		
Ordinary offering	2,363,905	2,408,979
Bank interest income	104	227
Government grant	108,000	-
Other income	2,500	-
	<u>2,474,509</u>	<u>2,409,206</u>
<b>Administrative expenses</b>		
Auditor's remuneration	5,600	5,600
Books	-	1,199
Building and management fee	161,888	156,372
Christian training course	5,495	3,950
Cleaning and sanitation	46,450	44,610
Contribution to provident fund	57,710	55,828
Depreciation	141,915	144,267
Donations and subvention	525,958	441,656
Insurance	23,975	20,669
Rental expenses	161,000	109,400
Rent and rates	13,798	14,041
Repairs and maintenance	8,774	25,269
Salaries	1,268,009	1,207,913
Software support expenses	13,800	13,660
Speaker fee	11,500	10,300
Special activities	97,951	176,909
Staff welfare	23,569	24,758
Stamp, stationery and printing	9,502	12,524
Sundry expenses	12,791	12,559
Telephone expenses	10,415	12,312
Water and electricity	19,778	31,302
	<u>2,619,878</u>	<u>2,525,098</u>
<b>Operating deficit for the year</b>	<u>(145,369)</u>	<u>(115,892)</u>