

BOUNDARY STREET PEACE EVANGELICAL CENTRE LIMITED

界限街平安福音堂有限公司

REPORTS
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

<u>Contents</u>	<u>Page</u>
Report of the Directors	1
Independent Auditor's Report	2-3
Income Statement	4
Statement of Financial Position	5
Accounting Policies and Explanatory Notes to the Financial Statements	6-9

黎偉民會計師事務所
VINCENT W. M. LAI & CO.

Certified Public Accountants
Hong Kong



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BOUNDARY STREET PEACE EVANGELICAL CENTRE LIMITED
界限街平安福音堂有限公司

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITY

Boundary Street Peace Evangelical Centre Limited (*the Church*) is an association of a purely and exclusively religious ecclesiastical, educational and charitable character.

RESULTS AND STATE OF AFFAIRS

The surplus of the Church for the year ended 31 December 2020 and the state of the Church's affairs as at 31 December 2020 are set out in the annexed financial statements.

ADOPTION OF SMALL AND MEDIUM-SIZED ENTITY FINANCIAL REPORTING STANDARD

The Church is a small guarantee company which falls within the reporting exemption under the Hong Kong Companies Ordinance. The financial statements for the year ended 31 December 2020 are prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

CHARITABLE DONATIONS

During the year, the Church made HK\$ 2,209,787 charitable donations. (2019: HK\$ 1,896,729)

DIRECTORS

The following directors held office during the year and up to the date of this report:-

Chan Kwok Cheung	Ching Sau Ha	Tse Chung Kan
Chan Kwok Lam, Sonny	Fung Kwok Cheung	Wong Lap San
Cheung Sze Loi	Ip Pek Ling	Wong Mei Lin
Cheung Wing Sze	Leung Yiu Kuen	Wong Siu Lai
Cheung Wing Yee	Tam Kwok Ching	Yoong Po Wah

In accordance of Articles 49 and 55 of the Articles of Association of the Church, the office of every director (i.e. every Elder and Deacon) shall be confirmed by a resolution of confirmation at Annual General Meeting. Every resolution of confirmation shall be deemed to confirm the office of the director unless the 'Elder' director is opposed by three-quarters and the 'Deacon' director by one-third of the Church members present and voting at the meeting.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No significant business contracts, management and administration contracts in which a director had a material interest, whether directly or indirectly, were subsisted at the end of the year or at any time during the year.

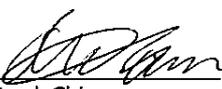
PERMITTED INDEMNITY PROVISION

No permitted indemnity provision was in force during the year, or is in force at the date of this report, for the benefit of the directors of the Church.

AUDITORS

The financial statements have been audited by Messrs Vincent W. M. Lai & Co., who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Tam Kwok Ching
Chairman
Hong Kong,
10 September 2021

VINCENT W. M. LAI & CO.

Certified Public Accountants
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BOUNDARY STREET PEACE EVANGELICAL CENTRE LIMITED**
界限街平安福音堂有限公司
(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Boundary Street Peace Evangelical Centre Limited ("the Church") set out on pages 4 to 9, 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 for 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 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 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 directors are responsible for the other information. The other information comprises the information included in the Report of the Directors, 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 Directors and Those Charged with Governance for the Financial Statements

The directors are 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 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 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 directors 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.

0120

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INDEPENDENT AUDITOR'S REPORT (Cont'd)
TO THE MEMBERS OF
BOUNDARY STREET PEACE EVANGELICAL CENTRE LIMITED
界限街平安福音堂有限公司
(incorporated in Hong Kong and limited by guarantee)

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. The 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.
- 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 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 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.



VINCENT W. M. LAI & CO.
Certified Public Accountants
Room 1104-5, 11/F., Haleson Building,
1 Jubilee Street, Central, Hong Kong,
10 September 2021

0121

BOUNDARY STREET PEACE EVANGELICAL CENTRE LIMITED
 界限街平安福音堂有限公司

INCOME STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 HK\$	2019 HK\$
REVENUE	3	3,577,022	3,631,197
Depreciation		(306,258)	(249,509)
Other Operating Expenses		(2,757,720)	(2,892,625)
SURPLUS BEFORE TAX	4	<u>513,044</u>	<u>489,063</u>
Income Tax	5	-	-
SURPLUS FOR THE YEAR		<u><u>513,044</u></u>	<u><u>489,063</u></u>

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

BOUNDARY STREET PEACE EVANGELICAL CENTRE LIMITED
界限街平安福音堂有限公司

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	NOTE	2020 HK\$	2019 HK\$
Non-current Asset			
Property, plant and equipment	7	<u>7,089,995</u>	<u>7,371,704</u>
Current Assets			
Account receivable		-	69,587
Deposits and prepayment		49,883	49,883
Bank balances and cash		<u>4,860,694</u>	<u>3,623,495</u>
		<u>4,910,577</u>	<u>3,742,965</u>
Deduct:			
Current Liabilities			
Accrual		12,600	12,200
Temporary receipt		<u>15,000</u>	<u>5,000</u>
		<u>27,600</u>	<u>17,200</u>
Net Current Assets		<u>4,882,977</u>	<u>3,725,765</u>
NET ASSETS		<u>11,972,972</u>	<u>11,097,469</u>
Reserve and Funds			
Accumulated surplus	8	10,272,632	9,759,588
Building fund	9	592,665	573,565
Education fund	10	272,450	242,950
Missionary fund	11	447,789	342,988
Region missionary fund	12	<u>387,436</u>	<u>178,378</u>
TOTAL RESERVE AND FUNDS		<u>11,972,972</u>	<u>11,097,469</u>

The financial statements on pages 4 to 9 were approved and authorised for issue by the Board of Directors on 10 September 2021 and are signed on its behalf by:



Tam Kwok Ching
Director



Ching Sau Ha
Director

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

BOUNDARY STREET PEACE EVANGELICAL CENTRE LIMITED
界限街平安福音堂有限公司

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

1. REPORTING ENTITY

Boundary Street Peace Evangelical Centre Limited (“the Church”) is a company incorporated and domiciled in Hong Kong and limited by guarantee and not having a share capital. The liability of the member is limited to HK\$10 per member in the event of the Church being wound up, whilst they remain a member or within one year after they ceased to be a member.

The Church’s registered office is situated at 2nd Floor, Summit Insurance Building, 789 Nathan Road, Prince Edward, Kowloon, Hong Kong.

The Church is an association of a purely and exclusively religious ecclesiastical, educational and charitable character.

2. BASIS OF PREPARATION AND 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.

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 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, excluding those amounts collected on behalf of third parties, on the following bases:
 - (i) offerings with identified donors are recognised on a cash receipt basis;
 - (ii) offering receipts designated by the donors for specific funds are recognised as the respective designated funds when received;
 - (iii) bank interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.
- (b) Designated funds
Designated funds are funds set aside for designated purposes. All the movements are shown in statement of changes in equity.

BOUNDARY STREET PEACE EVANGELICAL CENTRE LIMITED
界限街平安福音堂有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is consistently provided to write off the cost of property, plant and equipment to operation over their estimated useful lives on a straight line basis at the following rates per annum:-

Leasehold land	-	Over the unexpired term of the lease
Building	-	2%
Leasehold improvement	-	10%
Office equipment	-	20%
Furniture and fixture	-	20%
Computer	-	33 $\frac{1}{3}$ %

(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.

3. REVENUE

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

	2020 HK\$	2019 HK\$
Offering receipts		
General	3,328,948	3,275,158
Thanksgiving	245,505	252,930
Summer camp and miscellaneous	2,500	101,015
	<u>3,576,953</u>	<u>3,629,103</u>
Bank interest received	69	2,094
	<u>3,577,022</u>	<u>3,631,197</u>

4. SURPLUS BEFORE TAX

	2020 HK\$	2019 HK\$
Surplus before tax is arrived at:		
After charging:		
Depreciation	306,258	249,509
Key management personnel's remuneration	-	-
Loss on disposal of property, plant and equipment	-	36,731
	<u>-</u>	<u>36,731</u>

BOUNDARY STREET PEACE EVANGELICAL CENTRE LIMITED
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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2020

5. INCOME TAX

The Church has exemption from profits tax liabilities under Section 88 of the Inland Revenue Ordinance.

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2020 HK\$	2019 HK\$
Directors' fee	-	-
Salaries, allowances and benefits other than in cash	-	-

There were no payments made or benefit provided in respect of the termination of the services of directors, whether in the capacity of directors or in any other capacity while directors.

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK\$	Leasehold improvement HK\$	Office equipment HK\$	Furniture and fixture HK\$	Computer HK\$	Total HK\$
AT COST:						
At 1.1.2020	8,859,555	943,648	427,467	230,698	107,307	10,568,675
Addition	-	-	-	-	24,549	24,549
Disposal	-	-	-	-	(3,250)	(3,250)
At 31.12.2020	<u>8,859,555</u>	<u>943,648</u>	<u>427,467</u>	<u>230,698</u>	<u>128,606</u>	<u>10,589,974</u>
ACCUMULATED DEPRECIATION:						
At 1.1.2020	(2,615,173)	(47,182)	(240,806)	(196,654)	(97,156)	(3,196,971)
Provided for the year	(146,965)	(94,365)	(43,445)	(13,284)	(8,199)	(306,258)
Written back	-	-	-	-	3,250	3,250
At 31.12.2020	<u>(2,762,138)</u>	<u>(141,547)</u>	<u>(284,251)</u>	<u>(209,938)</u>	<u>(102,105)</u>	<u>(3,499,979)</u>
NET BOOK VALUE:						
At 31.12.2020	<u>6,097,417</u>	<u>802,101</u>	<u>143,216</u>	<u>20,760</u>	<u>26,501</u>	<u>7,089,995</u>
At 31.12.2019	<u>6,244,382</u>	<u>896,466</u>	<u>186,662</u>	<u>34,043</u>	<u>10,151</u>	<u>7,371,704</u>

The leasehold land and building was held in Hong Kong under long term lease.

8. CHANGES IN EQUITY

	Accumulated surplus HK\$	Building fund HK\$	Education fund HK\$	Missionaries fund HK\$	Region missionaries fund HK\$	Total reserves and funds HK\$
At 1.1.2020	9,759,588	573,565	242,950	342,988	178,378	11,097,469
Surplus for the year	513,044	-	-	-	-	513,044
Offerings receipts	-	19,100	29,500	462,292	997,273	1,508,165
Utilization	-	-	-	(357,491)	(788,215)	(1,145,706)
At 31.12.2020	<u>10,272,631</u>	<u>592,665</u>	<u>272,450</u>	<u>447,789</u>	<u>387,436</u>	<u>11,972,972</u>

BOUNDARY STREET PEACE EVANGELICAL CENTRE LIMITED
界限街平安福音堂有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2020

9. BUILDING FUND

The building fund is for the purposes of setting up new church or purchasing of land and building for the Church. The amount is built up from specific offerings of members.

10. EDUCATION FUND

The education fund is to support course fees and living allowances of theological students. The amount is built up from specific offerings of members.

11. MISSIONARY FUND

The missionary fund is to support missionaries and similar charitable organizations and subsidizing members' missionaries trip expenses. The amount is built up from specific offerings of members.

12. REGION MISSIONARY FUND ACCOUNT

The amount represents a pool of funds setting up from churches with similar objects within a prescribed district and the Church is authorised to handle the account on behalf of the forementioned churches. The churches are: Boundary Street Peace Evangelical Centre Limited, Canton Road Peace Evangelical Centre Limited, Ngau Tau Kok Peace Evangelical Centre Limited, Siu Lek Yuen Peace Evangelical Centre Limited and Wong Chuk Street Peace Evangelical Centre Limited. The purposes of such fund are to make donations to organizations with similar nature for evangelical and missionary works.

13. EVENT AFTER END OF REPORTING PERIOD

With the outbreak of COVID-19 pandemic since January 2020, the Government of Hong Kong Special Administrative Region implemented the "Prevention and Control of Disease (Prohibition on Group Gathering) Regulation" under section 8 of the Prevention and Control of Disease Ordinance (Cap. 599) since 29 March 2020. These measures and policies have significantly disrupted the operations of the Church but no significant adverse impact on the Church's financial performance and liquidity position.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of Directors on 10 September 2021.