

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



CERTIFIED TRUE COPY

CHAN LAM CHING
DIRECTOR

NG & CHUNG
CERTIFIED PUBLIC ACCOUNTANTS



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ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED

(Limited by guarantee and not having a share capital)

REPORT OF THE DEACON BOARD MEMBERS

The Deacon Board Members have pleasure in presenting their annual report together with the audited consolidated financial statements of Assembly of God Grace Light Church, Limited ("the Church") for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the Church during the year was conducting Christian Gospel meeting and activities.

The principal activities of the Church's subsidiaries are set out in note (9) to the financial statements.

RESULTS AND STATE OF AFFAIRS

The results of the Group for the year ended 31 December 2020 and state of the Church's and the Group's affairs at that date are set out on pages 7 to 20 of the financial statements.

DONATIONS

Charitable donations made by the Group during the year amounted to HK\$15,000 (2019: HK\$37,737).

SUBSIDIARIES

Details of the Church's subsidiaries as at 31 December 2020 are set out in note (9) to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Church and the Group are set out in notes (8) to the financial statements.

SHARE CAPITAL

The Church is limited by guarantee and not having a share capital.

DEACON BOARD MEMBERS

The Deacon Board Members of the Church and its subsidiaries during the financial year and up to the date of report were:

CHAN Chung Hon	(appointed on 20 September 2020)
CHAN Lam Ching	
CHAN Tze Yen	
WONG Moon Chuen	(appointed on 20 September 2020)
WONG Yuk Lan	
CHAN Chi Bun	(resigned on 20 September 2020)
LUK Chin Man	(resigned on 20 September 2020)
SO Yat Keung	(resigned on 20 September 2020)
WONG Kow Yin	(resigned on 20 September 2020)

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
REPORT OF THE DEACON BOARD MEMBERS *(continued)*

DEACON BOARD MEMBERS *(continued)*

In accordance with Clause 59 of the Church's Articles of Association, all members who have served for two years, retire from the Deacon Board and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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.

DEACON BOARD MEMBERS' INTEREST IN CONTRACTS

No contracts of significance in which the Church was a party and in which a Deacon Board Member had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BUSINESS REVIEW

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

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 Deacon Board Members 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 Deacon Board Members of the Church.

EQUITY-LINKED ARRANGEMENTS

During the financial year, the Church entered into no equity-linked agreement.

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

OTHER MATTERS

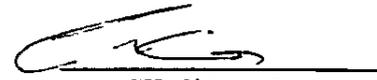
At the date of this report, the Deacon Board Members are not aware of any circumstances or affairs not dealt with in the report and accounts which render any amount stated being misleading or harmful to the business.

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
REPORT OF THE DEACON BOARD MEMBERS *(continued)*

AUDITORS

Messrs. Ng & Chung, Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of Messrs. Ng & Chung, Certified Public Accountants as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



CHAN Lam Ching
Deacon Board Member

Hong Kong, 10 August 2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(incorporated in Hong Kong limited by guarantee and not having a share capital)

Opinion

We have audited the financial statements of Assembly of God Grace Light Church, Limited ("the Church") set out on pages 7 to 20, which comprise consolidated and the Church's statement of financial position as at 31 December 2020, and the consolidated 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 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 Deacon Board Members are responsible for the other information. The other information comprises the information included in the report of the Deacon Board Members, 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.

INDEPENDENT AUDITOR'S REPORT *(continued)*
TO THE MEMBERS OF ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(incorporated in Hong Kong limited by guarantee and not having a share capital)

Responsibilities of Deacon Board Members and Those Charged with Governance for the Financial Statements

The Deacon Board Members 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 Deacon Board Members 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 Deacon Board Members 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 Deacon Board Members 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.

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.
- 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.

INDEPENDENT AUDITOR'S REPORT *(continued)*
TO THE MEMBERS OF ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(incorporated in Hong Kong limited by guarantee and not having a share capital)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Deacon Board Members.
- Conclude on the appropriateness of the Deacon Board Members' 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.



NG & CHUNG
Certified Public Accountants
Hong Kong, 10 August 2021

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	HK\$	HK\$
REVENUE	3	2,439,595	3,513,399
OTHER INCOME	3	<u>2,188,390</u>	<u>1,838,375</u>
		4,627,985	5,351,774
ADMINISTRATIVE EXPENSES		(5,330,195)	(5,916,702)
OPERATING EXPENSES		<u>(1,294,901)</u>	<u>(1,386,361)</u>
DEFICIT FROM OPERATIONS		(1,997,111)	(1,951,289)
FINANCE COSTS	4	<u>(24,852)</u>	<u>(4,167)</u>
DEFICIT BEFORE TAX	5	(2,021,963)	(1,955,456)
INCOME TAX EXPENSE	7	<u>-</u>	<u>-</u>
DEFICIT FOR THE YEAR		<u><u>(2,021,963)</u></u>	<u><u>(1,955,456)</u></u>

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

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 HK\$	2019 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>1,328,905</u>	<u>2,623,807</u>
CURRENT ASSETS			
Rental and utilities deposits	10	592,364	592,364
Temporary payments		7,950	35,812
Cash and bank balances	12	<u>657,220</u>	<u>1,106,261</u>
		<u>1,257,534</u>	<u>1,734,437</u>
Less: CURRENT LIABILITIES			
Accruals and other payable		432,934	82,776
Borrowings	13	<u>600,000</u>	<u>150,000</u>
		<u>1,032,934</u>	<u>232,776</u>
NET CURRENT ASSETS			
		<u>224,600</u>	<u>1,501,661</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,553,505	4,125,468
Less: NON-CURRENT LIABILITIES			
Borrowings	13	<u>650,000</u>	<u>1,200,000</u>
NET ASSETS			
		<u>903,505</u>	<u>2,925,468</u>
EQUITY			
Accumulated funds	14(a)	<u>903,505</u>	<u>2,925,468</u>
TOTAL EQUITY			
		<u>903,505</u>	<u>2,925,468</u>

Approved and authorised for issue by the Deacon Board Members on 10 August 2021.



 CHAN Lam Ching
 Deacon Board Member



 WONG Yuk Lan
 Deacon Board Member

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

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. REPORTING ENTITY

Assembly of God Grace Light Church, Limited ("the Church") is a private company incorporated in Hong Kong with limited by guarantee and not having share capital. The Group consists of the Church and its subsidiaries. At the date of this report, the registered office of the Church is located at Shop No. 101B, 1/F., Dawning Views Shopping Plaza, No. 23 Yat Ming Road, Fanling, New Territories. The principal activity of the Group during the year was conducting Christian Gospel meeting and activities.

According to the Church's Articles of Association, 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 a year afterwards, for payment of the debts and liabilities of the Association contracted before he ceases to be a member, for the cost, charges and expenses of winding up, and for the adjustment of the contributories among themselves, such amount as may be required shall not exceed five Hong Kong Dollars.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Church and each of its subsidiaries qualify for the reporting exemption as small private companies under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622), and the Group as a whole qualifies for the reporting exemption as a small private group under section 359(2). The Group is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SMEFRS) issued by the Hong Kong Institute of Certified Public Accountants.

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

The Church's and Group's financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Church and the Group.

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 recognition

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

- (i) Offering income are accounted for on a cash basis; and
- (ii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
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ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

(b) Borrowing costs

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

(c) 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.

(d) Income tax expenses

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is not provided.

(e) Property, plant and equipment

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

The depreciable 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 improvement	20%
Furniture & fixtures	20%
Office equipment	20%
Audio-visual equipment	20%
Computer equipment	20%

(f) Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intragroup transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. **BASIS OF PREPARATION AND ACCOUNTING POLICIES** *(continued)*

(g) **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.

(h) **Accounts and other receivables**

Accounts and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

(i) **Provision**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

(j) **Related parties**

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

(j) Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Church is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. REVENUE AND OTHER INCOME

Revenue represents offering income received during the year. An analysis of revenue and other income is as follows:

	2020	2019
	HK\$	HK\$
Revenue		
Offering received-Tithing	1,840,658	1,997,737
Offering received-Thanksgivings	248,811	254,940
Offering received - Sunday	166,036	350,880
Offering received - Other	184,090	909,842
	<u>2,439,595</u>	<u>3,513,399</u>
Other income		
Academic income	(4,400)	(5,776)
Activities income	14,382	89,216
Bank interest income	76	86
Class/course income	346,748	490,609
Flag-day donation (Note 1)	293,872	-
Government subsidies (Note 2)	376,625	-
Other project income	904,403	1,175,197
Service income	71,754	68,567
Sundry income	184,930	20,476
	<u>2,188,390</u>	<u>1,838,375</u>
Total revenue and other income	<u>4,627,985</u>	<u>5,351,774</u>

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. REVENUE AND OTHER INCOME *(continued)*

Notes

- (1) On 18 January 2020, a flag-day fund raising activities was held. After the deduction of direct related expenses of HK\$36,959, the net donation of HK\$256,913 was utilised for payment of (a) part-time social worker salaries of HK\$96,000, (b) full-time social worker salaries of HK\$144,000 and (c) related program activities of HK\$16,913.
- (2) Being the subsidies received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes as promulgated by the Government of the Hong Kong Special Administrative Region and which are included in "other income" during the year.

4. FINANCE COSTS

	2020	2019
	HK\$	HK\$
Interest on borrowings	<u>24,852</u>	<u>4,167</u>

5. DEFICIT BEFORE TAX

The Group's deficit before tax is arrived at after charging:

	2020	2019
	HK\$	HK\$
Audit fee	8,600	6,600
Depreciation	1,294,902	1,386,361
Donations	15,000	37,737
Rent, rates and building management fee	2,451,246	2,568,142
Staff costs (excluding Deacon Board Members' remuneration <i>(note (6))</i>):		
Salaries and allowances	1,754,798	1,631,969
MPF contributions	<u>85,312</u>	<u>77,516</u>

6. DEACON BOARD MEMBERS' REMUNERATION

Deacon Board Members' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follow:

	2020	2019
	HK\$	HK\$
Fees	-	-
Other emoluments	<u>-</u>	<u>-</u>

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(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
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7. INCOME TAX EXPENSE

No provision has been made for Hong Kong profits tax as the Church is exempted from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance (2019: same).

8. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvement HK\$	Furniture & fixtures HK\$	Office equipment HK\$	Audio-visual equipment HK\$	Computer equipment HK\$	Total HK\$
Costs						
At 31/12/2019 and at 31/12/2020	5,605,939	105,052	590,130	605,197	174,297	7,080,615
Accumulated depreciation						
At 31/12/2019	3,394,746	62,846	421,337	425,426	152,453	4,456,808
Charge for the year	1,099,654	21,010	79,930	89,886	4,422	1,294,902
At 31/12/2020	4,494,400	83,856	501,267	515,312	156,875	5,751,710
Net carrying amount						
At 31/12/2020	1,111,539	21,196	88,863	89,885	17,422	1,328,905
At 31/12/2019	2,211,193	42,206	168,793	179,771	21,844	2,623,807

The Church

	Leasehold improvement HK\$	Furniture & fixtures HK\$	Office equipment HK\$	Audio-visual equipment HK\$	Computer equipment HK\$	Total HK\$
Costs						
At 31/12/2019 and at 31/12/2020	7,874	8,680	101,119	155,768	97,088	370,529
Accumulated depreciation						
At 31/12/2019	7,288	5,024	101,119	155,768	87,378	356,577
Charge for the year	586	1,736	-	-	1,968	4,290
At 31/12/2020	7,874	6,760	101,119	155,768	89,346	360,867
Net carrying amount						
At 31/12/2020	-	1,920	-	-	7,742	9,662
At 31/12/2019	586	3,656	-	-	9,710	13,952

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. INVESTMENT IN SUBSIDIARIES

<u>The Church</u>	2020	2019
	HKS	HKS
Unlisted investment in subsidiaries, at cost	<u>-</u>	<u>-</u>

Particulars of subsidiary are as follows:

Name of subsidiary : AOG Grace Light Church Social Services & Family Ministry Centre
Registered and paid-up capital : Nil
Place of incorporation : Hong Kong
Interest held by the Church : Accounted for as a subsidiary of the Church and 100% consolidated by the Church by virtue of control
Principal activities : Dormant

Name of subsidiary : Assembly of God Grace Light Church, Limited - Social Services Department
Registered and paid-up capital : Nil
Place of incorporation : Hong Kong
Interest held by the Church : Accounted for as a subsidiary of the Church and 100% consolidated by the Church by virtue of control
Principal activities : promote and provide social services and activities to the local community.

Name of subsidiary : Assembly of God Grace Light Church Education Centre
Registered and paid-up capital : Nil
Place of incorporation : Hong Kong
Interest held by the Church : Accounted for as a subsidiary of the Church and 100% consolidated by the Church by virtue of control
Principal activities : Holding an education licence

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(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
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FOR THE YEAR ENDED 31 DECEMBER 2020

10. RENTAL AND UTILITIES DEPOSITS

The Group

	2020	2019
	HKS	HKS
Rental deposits	551,164	551,164
Utilities deposits	41,200	41,200
	<u>592,364</u>	<u>592,364</u>

11. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand

12. CASH AND BANK BALANCE

The Group

	2020	2019
	HKS	HKS
Current account	278,932	239,451
Savings account	378,288	818,212
Cash on hand	-	48,598
	<u>657,220</u>	<u>1,106,261</u>

The Church

	2020	2019
	HKS	HKS
Current account	174,002	170,746
Savings account	367,616	817,540
Cash on hand	-	39,890
	<u>541,618</u>	<u>1,028,176</u>

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. BORROWINGS

<u>The Group</u>	2020	2019
	HK\$	HK\$
Interest bearing borrowing (Note (1))	950,000	1,000,000
Non-interest bearing borrowings (Note 2(a) to (c))	300,000	350,000
	<u>1,250,000</u>	<u>1,350,000</u>

Borrowings due for repayment:

- not later than one year	600,000	150,000
- later than one year	650,000	1,200,000
	<u>1,250,000</u>	<u>1,350,000</u>

The Church

	2020	2019
	HK\$	HK\$
Interest bearing borrowing (Note (1))	950,000	1,000,000
Non-interest bearing borrowing (Note 2(b) & (c))	100,000	150,000
	<u>1,050,000</u>	<u>1,150,000</u>

Borrowings due for repayment:

- Not later than one year	400,000	150,000
- Later than one year	650,000	1,000,000
	<u>1,050,000</u>	<u>1,150,000</u>

Notes

- (1) This borrowing is unsecured, bearing interest of 2.5% per annum, and repayable by 40 monthly instalments commencing in November 2020.
- (2) These non-interest bearing borrowings have three borrowings:
 - (a) 2-year borrowing of HK\$200,000 is unsecured and due for repayment by lump sum in October 2021.
 - (b) 3-year borrowing of HK\$50,000 is unsecured and due for repayment by lump sum in April 2022. This borrowing was early repaid in August 2020.
 - (b) Borrowing of HK\$100,000 is unsecured and repayable on demand.

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14. CHANGE IN EQUITY

(a) Movement in components of equity of the Group

	Accumulated funds HK\$
At 31/12/2018	4,880,924
Deficit for the year	<u>(1,955,456)</u>
At 31/12/2019	2,925,468
Deficit for the year	<u>(2,021,963)</u>
At 31/12/2020	<u><u>903,505</u></u>

(b) Movement in components of equity of the Church

	Accumulated funds HK\$
At 31/12/2018	1,063,248
Surplus for the year	<u>1,160,830</u>
At 31/12/2019	2,224,078
Surplus for the year	<u>1,396,511</u>
At 31/12/2020	<u><u>3,620,589</u></u>

Under the provisions of the Church's Memorandum of Association, accumulated funds of the Church are not available for distribution to members and are to be used for promotion of objects of the Church.

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. STATEMENT OF FINANCIAL POSITION OF THE CHURCH

	Notes	2020 HK\$	2019 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>9,662</u>	<u>13,952</u>
CURRENT ASSETS			
Temporary payments		1,500	-
Amounts due from subsidiaries	11	4,121,609	2,346,036
Cash and bank balances	12	<u>541,618</u>	<u>1,028,176</u>
		<u>4,664,727</u>	<u>3,374,212</u>
Less: CURRENT LIABILITIES			
Accruals and other payable		3,800	14,086
Borrowings	13	<u>400,000</u>	<u>150,000</u>
		<u>403,800</u>	<u>164,086</u>
NET CURRENT ASSETS		<u>4,260,927</u>	<u>3,210,126</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,270,589</u>	<u>3,224,078</u>
Less: NON-CURRENT LIABILITIES			
Borrowings	13	<u>650,000</u>	<u>1,000,000</u>
NET ASSETS		<u>3,620,589</u>	<u>2,224,078</u>
EQUITY			
Accumulated funds	14(b)	<u>3,620,589</u>	<u>2,224,078</u>
TOTAL EQUITY		<u>3,620,589</u>	<u>2,224,078</u>

Approved and authorised for issue by the Deacon Board Members on 10 August 2021.


 CHAN Lam Ching
 Deacon Board Member


 WONG Yuk Lan
 Deacon Board Member



CERTIFIED TRUE COPY


 CHAN LAM CHING

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16. COMMITTEMENT UNDER OPERATING LEASES

At the end of the reporting period, the Group had the following total future minimum lease payments payable under non-cancellable operating leases:

	2020	2019
	HK\$	HK\$
Not later than one year	1,621,440	1,246,320
Later than one year	2,357,135	3,978,575
	<u>3,978,575</u>	<u>5,224,895</u>

17. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2020.

18. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Since early 2020, the epidemic of Coronavirus Disease 2019 (the "COVID-19 outbreak") has spread across the PRC and other countries and it has affected the business and economic activities of the Company to some extent. The overall financial effect cannot be reliably estimated as of the date of these financial statements. The Company will closely monitor the development of the COVID-19 outbreak and continue to evaluate its impact on the business, the financial position and operating results of the Company.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Church's Deacon Board of Members on 10 August 2021.

(For Management Purpose Only)

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	HKS	HKS
REVENUE		
Offering received-Tithing	1,840,658	1,989,650
Offering received-Thanksgivings	248,811	254,940
Offering received - Sunday	166,036	350,880
Offering received - Other	163,740	212,407
	<u>2,419,245</u>	<u>2,807,877</u>
OTHER INCOME		
Activities income	6,480	33,183
Bank interest income	76	83
Class/tuition income	-	1,830
Government subsidies	306,625	-
Sundry income	930	17,483
	<u>314,111</u>	<u>52,579</u>
TOTAL REVENUE AND OTHER INCOME	<u>2,733,356</u>	<u>2,860,456</u>
Less: ADMINISTRATIVE EXPENSES	1,332,555	1,655,282
Less: OPERATING EXPENSES		
Depreciation	4,290	44,344
SURPLUS BEFORE TAX	<u>1,396,511</u>	<u>1,160,830</u>

Note:

The figures and financial information relating to the years ended 31 December 2020 and 2019 included in the detailed income statement are not the Church's statutory annual financial statements for that years. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Church has delivered its consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies and will deliver the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies in due course.

The Church's auditor has reported on those financial statements. The auditor's report for the year ended 31 December 2020 was unqualified; did not included a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(For Management Purpose Only)

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
(Limited by guarantee and not having a share capital)
DETAILED INCOME STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

Appendix I - ADMINISTRATIVE EXPENSES

		2020	2019
		HK\$	HK\$
Accounting fee	會計費用	-	29,400
Activities project expenses	活動項目支出	4,912	99,279
Advertising and promotion	廣告及推廣	705	12,150
Auditors' fee	核數師酬金	3,800	3,800
Bank charges	銀行費用	525	615
Cleaning and sanitary fee	清潔及衛生費	215	1,035
Courier and postage	快遞及郵資	27	223
Course fee subsidy	進修研助補助	3,820	300
Donations	對外捐獻	15,000	33,737
Facilities	設備	2,442	11,574
Gifts and entertainment	禮儀交際	5,719	6,820
Insurance	保險費	31,564	48,667
Interest expenses	利息支出	24,844	4,167
Legal and professional fee	法律及專業費用	-	2,800
Meals and refreshments	膳食及茶點	4,561	5,892
MPF contribution	強制性公積金供款	53,494	55,351
Printing and stationery	印刷及文具支出	5,318	9,882
Repair and maintenance	維修及保養支出	1,445	7,146
Salaries and allowances	薪金及津貼	1,070,285	1,163,057
Speaker fees	講員費	16,900	41,800
Staff welfare	員工福利	6,760	-
Sundry expenses	雜項支出	756	1,269
Teaching materials and aids	教材及教具	682	60,034
Telephone, fax and internet	電訊費	35,526	-
Transportation expenses	運輸費	159	2,348
Travelling expenses	交通費	43,096	42,936
Tutor service fee	導師服務費	-	6,000
Uniform expenses	制服費用	-	5,000
		<u>1,332,555</u>	<u>1,655,282</u>

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT**
(incorporated in Hong Kong limited by guarantee and not having a share capital)

Opinion

We have audited the financial statements of Assembly of God Grace Light Church, Limited - Social Services Department ("the SSD") set out on pages 26 to 34, 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 SSD 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 SSD 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.

Other Information

The Deacon Board Members are responsible for the other information. The other information comprises the information included in the report of the Deacon Board Members, 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.

INDEPENDENT AUDITOR'S REPORT *(continued)*
TO THE MEMBERS OF ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(incorporated in Hong Kong with limited liability)

Responsibilities of Deacon Board Members and Those Charged with Governance for the Financial Statements

The Deacon Board Members 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 Deacon Board Members 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 Deacon Board Members are responsible for assessing the SSD'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 Deacon Board Members either intend to liquidate the SSD or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SSD'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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

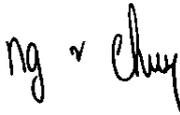
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control.

INDEPENDENT AUDITOR'S REPORT *(continued)*
TO THE MEMBERS OF ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(incorporated in Hong Kong limited by guarantee and not having a share capital)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Deacon Board Members.
- Conclude on the appropriateness of the Deacon Board Members' 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 SSD'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 SSD 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.



NG & CHUNG
Certified Public Accountants
Hong Kong, 10 August 2021

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(Limited by guarantee and not having a share capital)
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK\$	2019 HK\$
REVENUE	3	20,350	708,515
OTHER INCOME	3	1,874,279	1,782,803
		1,894,629	2,491,318
ADMINISTRATIVE EXPENSES		(4,022,490)	(4,265,587)
OPERATING EXPENSES		(1,290,611)	(1,342,017)
DEFICIT BEFORE TAX	4	(3,418,472)	(3,116,286)
INCOME TAX EXPENSE	6		
DEFICIT FOR THE YEAR		(3,418,472)	(3,116,286)

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

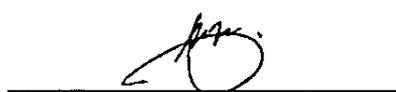
ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(Limited by guarantee and not having a share capital)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 HK\$	2019 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>1,319,244</u>	<u>2,609,855</u>
CURRENT ASSETS			
Rental and utilities deposits	8	592,364	592,364
Temporary payments		6,450	35,812
Cash and bank balances	9	<u>115,602</u>	<u>78,085</u>
		<u>714,416</u>	<u>706,261</u>
Less: CURRENT LIABILITIES			
Accruals and other payable		429,134	68,691
Borrowings	11	200,000	-
Amount due to the holding company	10	<u>4,121,609</u>	<u>2,346,036</u>
		<u>4,750,743</u>	<u>2,414,727</u>
NET CURRENT LIABILITIES		<u>(4,036,327)</u>	<u>(1,708,466)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,717,083)	901,389
Less: NON-CURRENT LIABILITIES			
Borrowings	11	-	200,000
NET ASSETS		<u>(2,717,083)</u>	<u>701,389</u>
EQUITY			
Accumulated funds- (deficit)/surplus	12	<u>(2,717,083)</u>	<u>701,389</u>
TOTAL (DEFICIT) / EQUITY		<u>(2,717,083)</u>	<u>701,389</u>

Approved and authorised for issue by the Deacon Board Members on 10 August 2021.



CHAN Lam Ching
Deacon Board Member



WONG Yuk Lan
Deacon Board Member

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

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. REPORTING ENTITY

Assembly of God Grace Light Church, Limited - Social Services Department ("SSD") is a social service unit of Assembly of God Grace Light Church, Limited ("the Church"), which is incorporated in Hong Kong with limited by guarantee and not having share capital. The SSD was formed in 2012 to promote and provide social services and activities to the local community and was approved by Deacon Board Members Meeting. Its management are the Deacon Board Members of the Church. The SSD is exempt from tax under Section 88 of the Inland Revenue Ordinance.

According to the Church's Articles of Association, 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 a year afterwards, for payment for payment of the debts and liabilities of the Association contracted before he ceases to be a member, for the cost, charges and expenses of winding up, and for the adjustment of the contributories among themselves, such amount as may be required shall not exceed five Hong Kong Dollars.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Church and SSD qualifies for the reporting exemption as a small private 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 SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Church is a going concern.

The Church's financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

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 recognition

Revenue is recognized when it is probable that the economic benefits will flow to the SSD and when the revenue can be measured reliably, on the following basis:

- (i) Offering income are accounted for on a cash basis; and
- (ii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

(b) Borrowing costs

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

(c) 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.

(d) Income tax expenses

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is not provided.

(e) Property, plant and equipment

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

The depreciable 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 improvement	20%
Furniture & fixtures	20%
Office equipment	20%
Audio-visual equipment	20%
Computer equipment	20%

(f) 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.

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

(g) Accounts and other receivables

Accounts and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

(h) Provision

Provisions are recognised when the SSD has a present obligation as a result of a past event, it is probable that the SSD will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

(i) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Church is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. REVENUE AND OTHER INCOME

Revenue represents offering income received during the year. An analysis of revenue and other income is as follows:

	2020	2019
	HKS	HKS
Revenue		
Offering income	20,350	708,515
Other income		
Academic income	(4,400)	(5,776)
Activities income	7,902	56,033
Bank interest income	-	3
Course income	346,748	488,779
Flag-day donation (Note 1)	293,872	-
Government subsidies (Note 2)	70,000	-
Other project income	904,403	1,175,197
Service income	71,754	68,567
Sundry income	184,000	-
	<u>1,874,279</u>	<u>1,782,803</u>
Total revenue and other income	<u>1,894,629</u>	<u>2,491,318</u>

Notes

- (1) On 18 January 2020, a flag-day fund raising activities was held. After the deduction of direct related expenses of HK\$36,959, the net donation of HK\$256,913 was utilised for payment of (a) part-time social worker salaries of HK\$96,000, (b) full-time social worker salaries of HK\$144,000 and (c) related program activities of HK\$16,913.
- (2) Being the subsidies received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes as promulgated by the Government of the Hong Kong Special Administrative Region and which are included in "other income" during the year.

4. DEFICIT BEFORE TAX

The SSD's deficit before tax is arrived at after charging:

	2020	2019
	HKS	HKS
Audit fee	4,800	2,800
Depreciation	1,290,611	1,342,017
Rent, rates and building management fee	2,451,245	2,621,142
Staff costs (excluding Deacon Board Members' remuneration <i>(note (5))</i>):		
Salaries and allowances	684,513	468,912
MPF contributions	31,818	22,165
	<u>31,818</u>	<u>22,165</u>

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(Limited by guarantee and not having a share capital)
ACCOUNTING POLICIES AND EXPLANATORY NOTES
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5. DEACON BOARD MEMBERS' REMUNERATION

Deacon Board Members' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follow:

	2020	2019
	HKS	HKS
Fees	-	-
Other emoluments	-	-

6. INCOME TAX EXPENSE

No provision has been made for Hong Kong profits tax as the SSD is exempted from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance (2019: same).

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Furniture & fixtures	Office equipment	Audio-visual equipment	Computer equipment	Total
	HKS	HKS	HKS	HKS	HKS	HKS
Costs						
At 31/12/2019 and						
at 31/12/2020	<u>5,598,065</u>	<u>96,372</u>	<u>489,011</u>	<u>449,429</u>	<u>77,209</u>	<u>6,710,086</u>
Accumulated depreciation						
AT 31/12/2019	3,387,458	57,822	320,218	269,658	65,075	4,100,231
Charge for the year	<u>1,099,067</u>	<u>19,274</u>	<u>79,930</u>	<u>89,886</u>	<u>2,454</u>	<u>1,290,611</u>
At 31/12/2020	<u>4,486,525</u>	<u>77,096</u>	<u>400,148</u>	<u>359,544</u>	<u>67,529</u>	<u>5,390,842</u>
Net carrying amount						
At 31/12/2020	<u>1,111,540</u>	<u>19,276</u>	<u>88,863</u>	<u>89,885</u>	<u>9,680</u>	<u>1,319,244</u>
AT 31/12/2019	<u>2,210,607</u>	<u>38,550</u>	<u>168,793</u>	<u>179,771</u>	<u>12,134</u>	<u>2,609,855</u>

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
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8. RENTAL AND UTILITIES DEPOSITS

	2020	2019
	HK\$	HK\$
Rental deposits	551,164	551,164
Utilities deposits	41,200	41,200
	<u>592,364</u>	<u>592,364</u>

9. BANK BALANCE AND CASH

	2020	2019
	HK\$	HK\$
Current account	104,930	68,705
Savings account	10,672	672
Cash on hand	-	8,708
	<u>115,602</u>	<u>78,085</u>

10. AMOUNT DUE TO THE HOLDING COMPANY

The amount due to the holding company is unsecured, interest-free and repayable on demand.

11. BORROWINGS

	2020	2019
	HK\$	HK\$
Non-interest borrowing (Note)	<u>200,000</u>	<u>200,000</u>
Borrowings due for repayment:		
- Not later than one year	200,000	-
- Later than one year	-	200,000
	<u>200,000</u>	<u>200,000</u>

Note:

This 2-year borrowing is unsecured, interest-free and repayable by the lump sum in May 2021.

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
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12. CHANGE IN EQUITY

	Accumulated funds HK\$
At 31/12/2018	3,817,675
Deficit for the year	<u>(3,116,286)</u>
At 31/12/2019	701,389
Deficit for the year	<u>(3,418,472)</u>
At 31/12/2020	<u><u>(2,717,083)</u></u>

Under the provisions of the Church's Memorandum of Association, accumulated fund of the SSD is not available for distribution to members and are to be used for promotion of objects of the SSD.

13. COMMITMENTS

At the end of the reporting period, the SSD had the following total future minimum lease payments payable under non-cancellable operating leases:

	2020 HK\$	2019 HK\$
Not later than one year	1,621,440	1,246,320
Later than one year	<u>2,357,135</u>	<u>3,978,575</u>
	<u><u>3,978,575</u></u>	<u><u>5,224,895</u></u>

14. CONTINGENT LIABILITIES

The SSD had no significant contingent liabilities as at 31 December 2020.

15. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Since early 2020, the epidemic of Coronavirus Disease 2019 (the "COVID-19 outbreak") has spread across the PRC and other countries and it has affected the business and economic activities of the Company to some extent. The overall financial effect cannot be reliably estimated as of the date of these financial statements. The Company will closely monitor the development of the COVID-19 outbreak and continue to evaluate its impact on the business, the financial position and operating results of the Company.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Deacon Board of Members on 10 August 2021.

(For Management Purpose Only)

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(Limited by guarantee and not having a share capital)
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	HKS	HKS
REVENUE		
Offering income	<u>20,350</u>	<u>708,515</u>
OTHER INCOME		
Academic income	(4,400)	(5,776)
Activities income	7,902	56,033
Bank interest income	-	3
Course income	346,748	488,779
Flag-day donation	293,872	-
Government subsidies	70,000	-
Other project income	904,403	1,175,197
Service income	71,754	68,567
Sundry income	<u>184,000</u>	<u>-</u>
	<u>1,874,279</u>	<u>1,782,803</u>
TOTAL REVENUE AND OTHER INCOME	<u>1,894,629</u>	<u>2,491,318</u>
Less: ADMINISTRATIVE EXPENSES	4,022,490	4,265,587
Less: OPERATING EXPENSES		
Depreciation	<u>1,290,611</u>	<u>1,342,017</u>
DEFICIT BEFORE TAX	<u>(3,418,472)</u>	<u>(3,116,286)</u>

Note:

The figures and financial information relating to the years ended 31 December 2020 and 2019 included in the detailed income statement are not the Church's statutory annual financial statements for that years. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Church has delivered the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies and will deliver the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies in due course.

The Church's auditor has reported on those financial statements. The auditor's report for the year ended 31 December 2020 was unqualified; did not included a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(For Management Purpose Only)

ASSEMBLY OF GOD GRACE LIGHT CHURCH, LIMITED
- SOCIAL SERVICES DEPARTMENT
(Limited by guarantee and not having a share capital)
DETAILED INCOME STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

Appendix I - ADMINISTRATIVE EXPENSES

		2020	2019
		HKS	HKS
Activities project expenses	活動項目支出	52,562	64,249
Advertising fee	廣告及推廣	6,932	10,490
Auditors' fee	核數師酬金	4,800	2,800
Bank charges	銀行費用	750	4,115
Classes project expenses	興趣班項目支出	-	800
Cleaning and sanitary fee	清潔及衛生費	3,201	7,561
Courier and postage	快遞及郵資	429	382
Course fee subsidy	課程津貼	830	2,000
Electricity and water	水電支出	32,989	100,276
Facilities	設備	2,339	1,646
Insurance	保險費	1,301	-
Interest expenses	利息支出	8	-
Meals and refreshments	膳食及茶點	1,354	651
MPF contribution	強制性公積金供款	31,818	22,165
Printing and stationery	印刷及文具支出	28,546	36,982
Recruit and training	招聘及培訓費用	609	1,120
Rent, rates and building management fee	租金 差餉及管理費	2,451,245	2,621,142
Repair and maintenance	維修及保養支出	3,610	13,055
Salaries and allowances	薪金及津貼	684,513	468,912
Service project expenses	服務項目支出	-	3,400
Speaker fees	講員費	-	1,500
Staff welfare	員工福利	3,835	2,000
Sundry expenses	雜項支出	2,665	2,635
Telephone, fax and internet	電訊費	30,853	32,186
Transportation	運輸費	75	201
Travelling expenses	交通費	9,626	574
Tutor service fee	導師服務費	667,600	864,745
		<u>4,022,490</u>	<u>4,265,587</u>



CERTIFIED TRUE COPY

CHAN LAM CHING
DIRECTOR