

CHAI WAN BAPTIST CHURCH

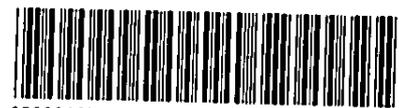
(LIMITED BY GUARANTEE)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020



CPA LIMITED
潘展聰會計師行有限公司



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(EXPRESSED IN THE NEAREST HONG KONG DOLLARS)

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

REPORT OF THE COUNCILORS

FOR THE YEAR ENDED DECEMBER 31, 2020

The councilors submit their annual report together with the audited consolidated financial statements for the year ended December 31, 2020.

PRINCIPAL ACTIVITIES

Chai Wan Baptist Church (“the Church”) is a non-profit making organisation. The principal activities of the Church are to propagate and disseminate the Gospel, and to promote, support, contribute and assist any Christian activities or acts of related charity. The principal activities and other particulars of its subsidiaries are set out in note 51(b) to the consolidated financial statements.

COUNCILORS

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

Chan Lai Har	
Chan Mee Ling	
Chan Wing Yan	(resigned on January 1, 2021)
Cheung Yin Fun	(appointed on January 1, 2021)
Choi Chi Keung	
Chow Chung Shiu	(appointed on January 1, 2021 and resigned on May 31, 2021)
Chu Muk Wah	
Fung Yuk Lan	
Ip Shuk Yee, Shirley	(appointed on January 1, 2021)
Lai Shiu May	
Lee Pak Sun	
Lou Jor Yuen	
Ng Siu Wah	
Pang Wing Fuk	(resigned on January 1, 2021)
Tang Wing Hong	
Tsea Fung Yee	
Yau Wan Ying	
Yeung Tak Chuen	

In accordance with the Church’s Articles of Association, all councilors shall be elected by simple majority at each Annual General Meeting and shall retire from office at the following Annual General Meeting but shall be eligible for re-election.

...../To be continued

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

REPORT OF THE COUNCILORS

FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

DIRECTORS

Directors of the Church's subsidiaries during the year and up to the date of this report were:

Chan Kam Man
Choi Chi Keung
Chow Tak Kun
Chu Muk Wah
Chu Yiu Ming
Fung Yuk Lan
Lau Shu Kai (resigned on August 14, 2020)
Tang Wing Hong
Yeung Tak Chuen

COUNCILORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Church's operation to which, the Church or any of its subsidiaries was a party, and in which a councilor of the Church had a material interest, subsisted during or at the end of the financial year.

ARRANGEMENTS TO ACQUIRE SHARES OF DEBENTURES

At no time during the financial year was the Church, any of its subsidiaries, a party to any arrangement to enable the councilors of the Church to acquire benefits by means of the acquisition of shares or debentures of any other body corporate.

BUSINESS REVIEW

Mission Statement

The Church seeks to build a community of devoted followers of Jesus Christ that worships God, grows together based on biblical teachings, propagates and disseminates the Gospel.

Operating Objective

Based on the teachings and the love of Jesus Christ, we strive to use a holistic approach to provide Christian-based spiritual activities, quality educational, medical and social services in order to serve people with love, commitment, and integrity.

...../To be continued

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

REPORT OF THE COUNCILORS

FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

BUSINESS REVIEW (CONTINUED)

The Year under Review

Church

All worships, fellowships, bible study, ministerial training, study classes, prayer sessions and other ministry ran smoothly throughout the year.

The average attendance of weekly worship sessions is about 337 persons in 2020. 11 persons were baptized in this year and became new members of Church. We had constantly reviewed our ministry towards different target groups such as youth, young adult and family in order to attract, develop and retain people in our Church.

Social Service

Our social service unit provides support to the disadvantaged family and to develop the potential and talent of the youth in the local community. We have run the “Best of Youths Project” for the 19th year and have provided integrated programs to develop talent of the youth and raise their self-esteem and confidence. Enhanced After School Care Program and Happy Study Homework Guidance Class are provided to serve primary students with parents having excessive working hours or special learning difficulties to complete their homework. In addition, we have offered a variety of interest classes for children and elderly, coordinate a volunteer team and have a team of Boys’ Brigade with regular meetings. Our centre has over 700 elderly members this year. The second-round three-year program sponsored by Child Development Fund is held from December 2018 to November 2021 to encourage participating children to plan for the future, develop an asset-building habit as well as accumulate savings and intangible assets for their future development. Besides, over 300 thousand masks and over 10 thousand packs of food supplies have been provided to families in need under the situation with COVID-19. We have served nearly 90,000 number of people in 2020.

Kindergarten and Pre-school Education

Our philosophy of education in our Pre-School and Kindergarten service unit is to provide a Christian environment in which each child feels loved and well respected as an individual. Each child is encouraged and nurtured to grow socially, physically, and academically. Through this warm atmosphere, it is our hope that each child will gain confidence, self-respect and love for God and the society.

The school enrollment rate has been dropping throughout the years. The average number of students is decreased from 176 in 2019 to 153 in 2020.

Due to the pandemic of COVID-19, our school launched the School Based Remission Scheme for family in needs. With the remission scheme, we hope to get through the difficult times together with parents and combat the epidemic with perseverance and love.

...../To be continued

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

REPORT OF THE COUNCILORS

FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

BUSINESS REVIEW (CONTINUED)

Medical, Healthcare and Dental Services

Our medical, healthcare and dental services included family medicine service, Chinese medical service and dental service. In addition, we also offer specialist services by appointment such as otolaryngology, orthopedics, physiotherapy, psychiatry, educational psychological service and clinical psychological service.

During the year with COVID-19 outbreak, healthcare service providers were under tremendous pressure and we were no exception. We placed safety of our staff, doctors, patients and visitors our top priority. We followed closely the infection control measures guideline issued by the Department of Health including proper execution of environmental disinfection procedures and the provision of appropriate personal protective equipment to our staff.

Under the backdrop of COVID-19 pandemic, we have remained steadfast in continuing to deliver service under the Support for Kids with Special Education Needs Programme and the Colorectal Cancer Screening Pilot Programme.

The total number of patronages the medical, healthcare and dental service was approximately 7,000 cases for the year (2019: approximately 11,000 cases). The services still suffered from difficulties in filling up vacancies in medical practitioners which prevented us from provide full scale services during the year.

Key Financial Performances

In 2020, the Church has total income of HK\$29,850,793 representing 4% decrease as compared to HK\$31,436,614 in 2019. Meanwhile, the total cost and expenditure is HK\$27,653,911 in 2020 as compared to HK\$31,491,991 in 2019, resulting in a 11% decrease over the year. The total comprehensive income is HK\$2,196,882 an increase of HK\$2,252,259 from total comprehensive loss of HK\$55,377 in 2019.

As to financial position, the Church has net assets of HK\$25,607,422 which represented a 9% increase over HK\$23,410,540 in 2019. The cash and bank balance are HK\$28,852,581 at the end of 2020 as compared to HK\$26,018,901 at the end of 2019 which has improved the liquidity of the Church.

In The Year to Come

In the coming year, stringent cost and expenses control and strengthening of the relationship with existing sponsors and donors would continue to be our top priorities while our commitment to provide sustainable and quality services to the community remains unchanged.

...../To be continued

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

REPORT OF THE COUNCILORS

FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

BUSINESS REVIEW (CONTINUED)

Special Events

The coronavirus pandemic will continue to have material impact on our operation and income as many of our face-to-face services have been suspended or operating with reduced hours. While we cannot currently predict how long this situation will last, we are taking mitigating actions and every precaution to help ensure the safety and wellbeing of our employees and the people we serve. Other than this event, no significant changes in financial, human resources and business process management that would adversely affect the financial situation and operation of the Church for the period from the end of financial reporting period to the approval of this financial statements.

Risk Management and Principal Risks

The finance committee of the Church regularly reviews risk-related policies and procedures and scrutinizes that management has performed its duty to have effective risk management and internal control systems necessary for monitoring and controlling major risks arising from the Church's activities, the changing external risks and the regulatory environment and reports to the Church Council on the above.

Principal risk factors encountered by the Church during the year are:

Dependency on donation and sponsorship

The Church does not have substantial reserve to sustain extended periods of operating deficit and have to rely heavily on the continuous support of our donors and sponsors. Donation and project sponsorship represent more than 49% of our total income. Decrease in these income sources will seriously affect the Church ability to provide sustainable subsidized services to the local community.

Ability to recruit qualified key management personnel and skilled and experienced employees

The success of our operation is heavily dependent on our ability to retain our management and other skilled and experienced employees and to attract and retain qualified personnel in the future. Competition for high caliber candidate is intense and we may not be able to retain our key personnel. An inability to find a suitable replacement for any departing key personnel on a timely basis could adversely affect our ability to operate and to deliver our committed services.

...../To be continued

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

REPORT OF THE COUNCILORS

FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

BUSINESS REVIEW (CONTINUED)

Risk Management and Principal Risks (continued)

Rising cost of operation

In recent years, the Church experienced significant increase in cost of operation because of economic factors beyond our control which we cannot pass on to our service recipients in terms of proportional increase in service fee charged. If we cannot achieve expected saving as a result of cost and expenditure control measures, our total operating cost may be greater than expected. Rising wages and salary in the labor market also affect our ability to attract and retain key employees.

Adverse change in law and regulation

Adverse change in law and regulation can substantially increase compliance costs on the Church in terms of additional hardware and software as well as recruiting additional staff. Some change in law may prevent us to continue to provide some scope of service especially in the areas of medical services.

Financial Risk

The Church is exposed to financial risks relating to interest rate, liquidity and credit risk in its ordinary course of business. For further details of such risks and relevant management policies, please refer to note 53 to the consolidated financial statements for details.

Protecting the Environment

The Church encourages environmental protection and adopts measures to promote environmental awareness of its employees. The Church implements green office practices by encouraging employees to make use of emails or scanning copies, double-sided printing and copying, setting up of recycle boxes for reducing and disposing of waste and reducing the amount of printed materials by promoting the use of electronic documents. The Church also reduces green-house emissions by switching off idle lightings and other office equipment after normal working hours and by replacing traditional fluorescent lighting with more energy efficient LED lighting. The Church regularly reviews its environmental practices for further improvements.

...../To be continued

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

REPORT OF THE COUNCILORS

FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

BUSINESS REVIEW (CONTINUED)

Nurturing relationship with target groups and suppliers

Our suppliers and business partners are essential to our ability to do business and meet our target groups' and other stakeholders' expectations. The Church upholds high standards in its dealings with target groups and suppliers. Alongside with our commitment to provide quality services to our target groups and the community in general, all employees required to maintain a high level of business ethics. Corruption, bribery or fraud in any form is strictly prohibited. Employees and Council Members are required to comply with official guideline to declare any conflicts of interest. Any acts of misconduct are subject to disciplinary actions. During the year, no incidents of corruption were identified.

The company has established proper procurement procedures to identify quality service and providers and suppliers. Other than price evaluation, the selection of contractors will also take into consideration the contractor's reputation and business practice, the quality of products and services and reliability of supply. We commit to pay our suppliers according to the payment terms mutually agreed.

Caring for employee

The Church targets at providing a fair and safe working environment for employees and supporting their career advancement, personal development and work-life balance. The Church will ensure that its employment-related decisions are based on relevant qualifications, merit, performance and other job-related factors. We shall not tolerate unlawful discrimination relating to employment. Our remuneration package and benefit systems aim to attract and retain talent. In particular, sponsorship is provided to staff for job-related training and study.

Compliance with the relevant laws and regulations

Our operations are bound by laws and regulations mainly in the areas of child education, medical and health care, social services, building maintenance and safety, employment and company law. As far as the Council and management are aware, the Church has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Church. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Church.

...../To be continued

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

REPORT OF THE COUNCILORS

FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

AUDITORS

Philip Poon & Partners CPA Limited are the Church's retiring auditors who, being eligible, offer themselves for re-appointment.

FOR AND ON BEHALF OF THE COUNCIL


CHOI CHI KEUNG
CHAIRMAN

Hong Kong
July 18, 2021



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CHAI WAN BAPTIST CHURCH

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of Chai Wan Baptist Church and its subsidiaries ("the Group") set out on pages 13 to 69, which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds and reserves and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 councilors are responsible for the other information. The other information comprises the information included in the councilors' report and consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

...../To be continued



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CHAI WAN BAPTIST CHURCH

(Incorporated in Hong Kong and limited by guarantee)

...../Continued

Other Information (continued)

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Councilors and Those Charged with Governance for the Consolidated Financial Statements

The councilors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the councilors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the councilors are responsible for assessing the Group'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 councilors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

...../To be continued



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CHAI WAN BAPTIST CHURCH

(Incorporated in Hong Kong and limited by guarantee)

...../Continued

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the councilors.

...../To be continued



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CHAI WAN BAPTIST CHURCH

(Incorporated in Hong Kong and limited by guarantee)

...../Continued

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

- Conclude on the appropriateness of the councilors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Philip Poon & Partners CPA Limited
Mr. Poon Chin Chung, Philip
Practising Certificate No.: P01748

Certified Public Accountants
Hong Kong
July 18, 2021

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>NOTE</u>	<u>2020</u>	<u>2019</u>
		<u>\$</u>	<u>\$</u>
INCOME			
Donation received		2,532	81,662
Donation received for:			
- Bella Foundation		69,000	--
- Charity Fund		28,870	64,519
- Chicken Soup Project Fund		248,000	248,000
- Church Development and Maintenance Fund		164,150	154,880
- Establishment Fund		41,100	24,700
- Flag Day Fund	5(a)	601,157	--
- Joey Yung Charitable Foundation		100,000	--
- Love Your Neighbour Fund		1,160,401	1,065,313
- Lui Ming Choi Foundation		--	20,000
- Ministerial Staff Retirement Fund		22,600	37,900
- Mission Fund		194,903	245,413
- Sir David Trench Fund for Recreation		27,950	--
- Social Service Development Fund		43,490	75,496
- The Hong Kong Council of Social Service		20,000	--
- The Sir Robert Ho Tung Charitable Fund		--	40,700
Government subsidy under Employment Support Scheme		2,026,480	--
Grants and service income received for Enhanced ASCP		1,484,698	1,567,989
Grants received and service income		15,221,635	20,578,031
Grants received for:			
- Anti-epidemic Fund		763,865	--
- Cha Duk Chang Programme		--	9,330
- Grant for Support to Non-Chinese Speaking Students		101,864	66,672
- Greening School Subsidy		2,000	3,200
- Home School Co-operation Fund		15,150	59,200
- One-off Grant to Step up Preventive Measures against the Spread of Novel Coronavirus Infection		60,000	--
- Premises Maintenance Grant		81,480	81,502
- Redford Charitable Foundation		10,800	11,900
- Special Grant for Anti-epidemic Grant		861,000	--
- Website Enhancement Grant		20,000	--
Interest income		67,642	102,225
Offerings		5,241,559	5,613,293
Other income		450,738	362,785
Sale of merchandise		392,242	418,594
Subvention for rent and rates		325,487	503,310
		<u>29,850,793</u>	<u>31,436,614</u>
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...../To be continued

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CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

	<u>NOTE</u>	<u>2020</u>	<u>2019</u>
		<u>\$</u>	<u>\$</u>
LESS: EXPENDITURE			
Auditors' remuneration		124,450	121,650
Bank charges		8,025	9,027
Cost of merchandise		187,548	240,206
Councilors' remuneration	7(a)	710,580	683,115
Depreciation of property, plant and equipment	8	825,945	920,208
Depreciation of right-of-use assets	9(a)	477,746	464,377
Expenses incurred for:			
- Anti-epidemic Fund		763,865	--
- Bella Foundation		15,797	--
- Cha Duk Chang Programme		4,970	4,360
- Charity Fund		1,250	17,628
- Children Development Fund		736,292	1,033,584
- Church Development and Maintenance Fund		--	20,864
- Enhanced ASCP		1,496,843	1,636,252
- Establishment Fund		14,535	--
- Flag Day Fund	5(a)	53,273	--
- Grant for Support to Non-Chinese Speaking Students		82,935	32,161
- Greening School Subsidy		1,195	5,200
- Home School Co-operation Fund		34,784	36,176
- Love Your Neighbour Fund		612,519	970,950
- Lui Ming Choi Foundation		29,047	10,953
- Mission Fund		263,623	200,989
- One-off Grant to Step up Preventive Measures against the Spread of Novel Coronavirus Infection		62,416	--
- One-off School Start-up Grant		--	407,060
- Opportunities for the Elderly Project Fund		3,000	--
- Pilot Scheme on the Promotion of Reading Grant for Kindergartens		144,302	113,881
- Premises Maintenance Grant		--	(114,138)
- Redford Charitable Foundation		10,800	13,000
- Sir David Trench Fund for Recreation		--	27,950
- Special Grant for Anti-epidemic Grant		846,901	--
- Support for Student Learning at Home		1,128	--
- The Sir Robert Ho Tung Charitable Fund		--	40,700
Other operating expenses		3,314,348	3,973,780
Purchases and activities		2,113,820	3,820,763
Staff costs		14,711,974	16,801,295
		<u>27,653,911</u>	<u>31,491,991</u>
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CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

	<u>NOTE</u>	<u>2020</u> \$	<u>2019</u> \$
SURPLUS/(DEFICIT) BEFORE TAXATION		2,196,882	(55,377)
TAXATION	6	--	--
		<u>2,196,882</u>	<u>(55,377)</u>
SURPLUS/(DEFICIT) FOR THE YEAR		-----	-----
OTHER COMPREHENSIVE INCOME		--	--
		<u>-----</u>	<u>-----</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)		<u>2,196,882</u>	<u>(55,377)</u>

TOTAL COMPREHENSIVE INCOME/(LOSS) IS ATTRIBUTED TO:

General Fund	12	1,294,906	519,087
Anti-epidemic Fund	13	--	--
ASCP	14	--	--
Assets Reserve	15	(635,839)	(710,928)
Bella Foundation	16	53,203	--
Cha Duk Chang Programme	17	(4,970)	4,970
Charity Fund	18	27,620	21,291
Chicken Soup Project Fund	19	--	--
Child Development Fund	20	66	482
Church Designated Fund	21	--	--
Church Development and Maintenance Fund	22	164,150	134,016
Dental Charity Fund	23	3,000	(6,284)
Enhanced ASCP	24	(12,145)	(68,262)
Establishment Fund	25	26,565	24,700
Flag Day Fund	26	547,884	--
Grant for Support to Non-Chinese Speaking Students	27	18,929	34,511
Greening School Subsidy	28	805	(2,000)
Home School Co-operation Fund	29	--	--
Joey Yung Charitable Foundation	30	100,000	--
Love Your Neighbour Fund	31	547,882	94,363
Lui Ming Choi Foundation	32	(29,047)	9,047
Ministerial Staff Retirement Fund	33	22,600	37,900
Mission Fund	34	(115,040)	22,105
One-off Grant to Step up Preventive Measures against the Spread of Novel Coronavirus Infection	35	(2,416)	--
One-off School Start-up Grant	36	--	(393,580)
Opportunities for the Elderly Project Fund	37	(3,000)	--

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CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

	<u>NOTE</u>	<u>2020</u>	<u>2019</u>
		\$	\$
TOTAL COMPREHENSIVE INCOME IS ATTRIBUTED TO: (CONTINUED)			
Pilot Scheme on the Promotion of Reading			
Grant for Kindergartens	38	(14,162)	(18,881)
Premises Maintenance Grant	39	81,480	195,640
Redford Charitable Foundation	40	--	(1,100)
Service Expansion Fund	41	--	--
Sir David Trench Fund for Recreation	42	27,950	(27,950)
Social Service Development Fund	43	43,490	75,496
Special Grant for Anti-epidemic Grant	44	14,099	--
Sundry Replacement Reserve	45	--	--
Support for Student Learning at Home	46	(1,128)	--
The Hong Kong Council of Social Service	47	20,000	--
The Sir Robert Ho Tung Charitable Fund	48	--	--
Website Enhancement Grant	49	20,000	--
		<u>2,196,882</u>	<u>(55,377)</u>

The notes on pages 25 to 69 form part of these financial statements.

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	<u>NOTE</u>	<u>2020</u> \$	<u>2019</u> \$
NON-CURRENT ASSETS			
Property, plant and equipment	8	5,186,260	5,732,016
Right-of-use assets	9(a)	1,472,077	614,443
Non-current financial assets	10	2,000	2,000
		<u>6,660,337</u>	<u>6,348,459</u>
CURRENT ASSETS			
Inventories	11	245,226	253,064
Prepayments and deposits		162,683	164,219
Other accounts receivable		418,151	757,127
Bank balances and cash		28,852,581	26,018,901
		<u>29,678,641</u>	<u>27,193,311</u>
CURRENT LIABILITIES			
Other accounts payable and accruals		903,679	900,276
Received in advance		8,327,139	8,624,053
Lease liabilities	9(b)	522,880	401,208
		<u>9,753,698</u>	<u>9,925,537</u>
NET CURRENT ASSETS		<u>19,924,943</u>	<u>17,267,774</u>
NON-CURRENT LIABILITIES			
Lease liabilities	9(b)	977,858	205,693
NET ASSETS		<u>25,607,422</u>	<u>23,410,540</u>
FUNDS AND RESERVES			
General Fund	12	11,003,521	9,550,433
Anti-epidemic Fund	13	--	--
ASCP	14	--	--
Assets Reserve	15	4,873,437	5,420,776
Bella Foundation	16	53,203	--
Cha Duk Chang Programme	17	--	4,970
Charity Fund	18	1,116,251	1,088,631
Chicken Soup Project Fund	19	7,745	7,745
Child Development Fund	20	562	496
Church Designated Fund	21	1,056,682	896,622

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CHAI WAN BAPTIST CHURCH
(LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Anti-epidemic Fund	ASCP	Assets Reserve	Bella Foundation	Cha Duk Chang Programme	Charity Fund	Chicken Soup Project	Child Development	Church Designated Fund
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2019	8,592,346	--	--	5,611,936	--	--	1,067,340	7,745	14	725,872
Total comprehensive loss for the year	519,087	--	--	(710,928)	--	4,970	21,291	--	482	--
Transfer of General Fund	49,105	--	--	--	--	--	--	--	--	170,750
Transfer of Love Your Neighbour Fund	389,895	--	--	268,200	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	--	--	--	--	--
Transfer of Premises Maintenance Grant	--	--	--	90,488	--	--	--	--	--	--
Transfer of One-off School Start-up Grant	--	--	--	50,660	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	110,420	--	--	--	--	--	--
Transfer of Flag Day Fund	--	--	--	--	--	--	--	--	--	--
Transfer of Redford Charitable Foundation	--	--	--	--	--	--	--	--	--	--
Balance at December 31, 2019	9,550,433	--	--	5,420,776	--	4,970	1,088,631	7,745	496	896,622
Balance at January 1, 2020	9,550,433	--	--	5,420,776	--	4,970	1,088,631	7,745	496	896,622
Total comprehensive income for the year	1,294,906	--	--	(635,839)	53,203	(4,970)	27,620	--	66	--
Transfer of General Fund	(232,391)	--	--	--	--	--	--	--	--	160,060
Transfer of Love Your Neighbour Fund	390,573	--	--	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	88,500	--	--	--	--	--	--
Balance at December 31, 2020	11,003,521	--	--	4,873,437	53,203	--	1,116,251	7,745	562	1,056,682

...../To be continued

CHAI WAN BAPTIST CHURCH
(LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

	Church Development and Maintenance Fund \$	Dental Charity Fund \$	Enhanced ASCP \$	Establishment Fund \$	Flag Day Fund \$	Grant for Support to Non-Chinese Speaking Students \$	Greening School Subsidy \$	Home School Co-operation Fund \$
Balance at January 1, 2019	55,542	152,233	--	668,334	1,709,439	--	2,000	--
Total comprehensive loss for the year	134,016	(6,284)	(68,262)	24,700	--	34,511	(2,000)	--
Transfer of General Fund	--	--	--	--	(219,855)	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	59,147	--	--	--	--	--
Transfer of Premises Maintenance Grant	--	--	--	--	--	--	--	--
Transfer of One-off School Start-up Grant	--	--	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	(110,420)	--	--	--	--	--	--	--
Transfer of Flag Day Fund	--	--	9,115	--	(9,115)	--	--	--
Transfer of Redford Charitable Foundation	--	--	--	--	(1,100)	--	--	--
Balance at December 31, 2019	79,138	145,949	--	693,034	1,479,369	34,511	--	--
Balance at January 1, 2020	79,138	145,949	--	693,034	1,479,369	34,511	--	--
Total comprehensive income for the year	164,150	3,000	(12,145)	26,565	547,884	18,929	805	--
Transfer of General Fund	--	--	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	12,145	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	(88,500)	--	--	--	--	--	--	--
Balance at December 31, 2020	154,788	148,949	--	719,599	2,027,253	53,440	805	--

...../To be continued

CHAI WAN BAPTIST CHURCH
(LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

	Joey Yung Charitable Foundation \$	Love Your Neighbour Fund \$	Lui Ming Choi Foundation \$	Ministerial Staff Retirement Fund \$	Mission Fund \$	One-off Grant to Step up Preventive Measures against the Spread of Novel Coronavirus Infection \$
Balance at January 1, 2019	--	1,377,398	20,000	156,620	159,859	--
Total comprehensive loss for the year	--	94,363	9,047	37,900	22,105	--
Transfer of General Fund	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	--	(658,095)	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	--
Transfer of Premises Maintenance Grant	--	--	--	--	--	--
Transfer of One-off School Start-up Grant	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--	--
Transfer of Flag Day Fund	--	--	--	--	--	--
Transfer of Redford Charitable Foundation	--	--	--	--	--	--
Balance at December 31, 2019	<u>813,666</u>	<u>29,047</u>	<u>194,520</u>	<u>181,964</u>	<u>181,964</u>	<u>---</u>
Balance at January 1, 2020	--	813,666	29,047	194,520	181,964	--
Total comprehensive income for the year	100,000	547,882	(29,047)	22,600	(115,040)	(2,416)
Transfer of General Fund	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	--	(390,573)	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--	--
Balance at December 31, 2020	<u>100,000</u>	<u>970,975</u>	<u>217,120</u>	<u>66,924</u>	<u>(2,416)</u>	<u>---</u>

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CHAI WAN BAPTIST CHURCH
(LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

	One-off School Start-up Grant \$	Opportunities for the Elderly Project Fund \$	Pilot Scheme on the Promotion of Reading Grant for Kindergartens \$	Premises Maintenance Grant \$	Redford Charitable Foundation \$	Service Expansion Fund \$	Sir David Trench Fund for Recreation \$
Balance at January 1, 2019	444,240	--	52,000	(14,955)	--	59,147	--
Total comprehensive loss for the year	(393,580)	--	(18,881)	195,640	(1,100)	--	(27,950)
Transfer of General Fund	--	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	(59,147)	--
Transfer of Premises Maintenance Grant	--	--	--	(90,488)	--	--	--
Transfer of One-off School Start-up Grant	(50,660)	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--	--	--
Transfer of Flag Day Fund	--	--	--	--	--	--	--
Transfer of Redford Charitable Foundation	--	--	--	--	1,100	--	--
Balance at December 31, 2019	<u>33,119</u>	<u>--</u>	<u>33,119</u>	<u>90,197</u>	<u>--</u>	<u>--</u>	<u>(27,950)</u>
Balance at January 1, 2020	33,119	--	33,119	90,197	--	--	(27,950)
Total comprehensive income for the year	--	(3,000)	(14,162)	81,480	--	--	27,950
Transfer of General Fund	--	--	--	--	--	72,331	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	(12,145)	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--	--	--
Balance at December 31, 2020	<u>(3,000)</u>	<u>18,957</u>	<u>171,677</u>	<u>60,186</u>	<u>--</u>	<u>--</u>	<u>--</u>

...../To be continued

CHAI WAN BAPTIST CHURCH
(LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

...../Continued

	Social Service Development Fund	Special Grant for Anti-epidemic Grant	Sundry Replacement Reserve	Support for Student Learning at Home	The Hong Kong Council Social Service	The Sir Robert Ho Tung Charitable Fund	Website Enhancement Grant	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2019	2,617,706	--	1,101	--	--	--	--	23,465,917
Total comprehensive loss for the year	75,496	--	--	--	--	--	--	(55,377)
Transfer of General Fund	--	--	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	--	--	--
Transfer of Premises Maintenance Grant	--	--	--	--	--	--	--	--
Transfer of One-off School Start-up Grant	--	--	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--	--	--	--
Transfer of Flag Day Fund	--	--	--	--	--	--	--	--
Transfer of Redford Flag Day Foundation	--	--	--	--	--	--	--	--
Balance at December 31, 2019	<u>2,693,202</u>	<u>--</u>	<u>1,101</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>23,410,540</u>
Balance at January 1, 2020	2,693,202	--	1,101	--	--	--	--	23,410,540
Total comprehensive income for the year	43,490	14,099	--	(1,128)	20,000	--	20,000	2,196,882
Transfer of General Fund	--	--	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--	--	--	--
Balance at December 31, 2020	<u>2,736,692</u>	<u>14,099</u>	<u>1,101</u>	<u>(1,128)</u>	<u>20,000</u>	<u>--</u>	<u>20,000</u>	<u>25,607,422</u>

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The notes on pages 25 to 69 form part of these financial statements.

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>NOTE</u>	<u>2020</u> \$	<u>2019</u> \$
NET CASH FROM OPERATING ACTIVITIES	50	3,592,803	9,206,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(280,189)	(519,769)
Interest received		67,642	102,225
Net cash used in investing activities		<u>(212,547)</u>	<u>(417,544)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of the principal portion of lease liabilities		(546,576)	(525,860)
Net cash used in financing activities		<u>(546,576)</u>	<u>(525,860)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,833,680	8,262,887
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		26,018,901	17,756,014
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>28,852,581</u>	<u>26,018,901</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		<u>28,852,581</u>	<u>26,018,901</u>

The notes on pages 25 to 69 form part of these financial statements.

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. CORPORATE INFORMATION

Chai Wan Baptist Church (“the Church”) is a company incorporated in Hong Kong with liabilities limited by guarantee. The address of its registered office is No. 30 Fei Tsui Road, Chai Wan, Hong Kong.

The Church is a non-profit making organisation. The principal activities of the Church and its subsidiaries (together “the Group”) are to propagate and disseminate the Gospel, and to promote, support, contribute and assist any Christian activities or acts of related charity. The principal activities and other particulars of its subsidiaries are set out in note 51(b) to the consolidated financial statements.

The Church operates the following centres and kindergartens:

- Chai Wan Baptist Church
- Chai Wan Baptist Church Pre-School Education Bradbury Child Care Centre
- Chai Wan Baptist Church Pre-School Education Lui Ming Choi Kindergarten
- Chai Wan Baptist Church Pre-School Education Lui Ming Choi Kindergarten (Siu Sai Wan)
- Chai Wan Baptist Church Pre-School Education Service
- Chai Wan Baptist Church Social Service
- Siu Sai Wan Baptist Chapel

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accountant Standards (“HKASs”) and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements are presented to the nearest Hong Kong dollars, which is the Group’s and the Church’s functional and presentation currency.

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

The measurement base used in preparing these consolidated financial statements is historical cost convention.

(c) Going concern

These financial statements have been prepared on the basis that the Group and the Church are a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Adoption of new and revised HKFRSs

In current year, the Group has adopted all of the new and revised standards and interpretations issued by the HKICPA that are relevant to its operations and effective for current accounting period of the Group. The adoption of these new and revised standards and interpretations has no material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Standards and interpretations not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the current accounting year of the Group and have not been adopted in these consolidated financial statements. The councilors of the Church anticipate that the adoption of these amendments, new standards and interpretations in future periods is unlikely to have a significant impact on the Group's results of operations and financial position.

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

These consolidated financial statements included the financial statements of the Church and its subsidiaries for the year ended December 31, 2020. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

(c) Separate financial statements

The Group regards the company level statement of financial position of the Church presented in notes to the consolidated financial statements as a separate financial statement.

The accounting policy in respect of the interests in subsidiaries is set in the separate financial statements in note 51(b) to the consolidated financial statements.

(d) Property, plant and equipment

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

Depreciation is provided to write off the cost of property, plant and equipment, after taking into account their estimated residual value, using the straight-line method over their estimated useful lives as follows:

Leasehold land and buildings	the remaining lease term
Furniture and fixtures	5 years
Leasehold improvement	5-20 years
Office and medical equipment	5 years

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments

Financial assets at fair value through other comprehensive income

Investments are recognised and derecognised on the trade date when the Group becomes party to the contractual provisions of the investments and are initially measured at fair value plus, in the case of investments other than trading securities, transaction costs. Investments are further categorised into the following classifications for the measurement after initial recognition.

If the investment is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A gain or loss on an investment in non-equity instruments measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the investment is derecognised. When such investment is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from fair value reserves equity to surplus or deficit as a reclassification adjustment.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of an investment on initial recognition is normally the transaction price, unless it is estimated by using a valuation technique when part of the consideration given or received is for something other than the investments.

After initial recognition, the fair value of an investment quoted on an active market is based on the unadjusted quoted price and, for investments not quoted in an active market, the company establishes the fair value of such investment by using a valuation technique.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities within the scope of HKFRS 9 are initially measured at fair value and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The Group's financial assets, including receivables, time deposits and cash and cash equivalents, are subsequently measured at amortised cost using the effective interest method, less identified impairment charges (see note 3(g)) as the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities include lease liabilities, payables and accruals. All financial liabilities are subsequently measured at amortised cost using the effective interest method.

(g) Impairment of financial assets

The Group recognises loss allowances for expected credit loss on the financial instruments that are not measured at fair value through surplus or deficit. The Group considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Group considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfill its contractual cash flow obligations.

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets (continued)

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognised in surplus or deficit. The receivable is written off against the receivable impairment charges account when the Group has no reasonable expectations of recovering the receivable. If, in a subsequent period, the amount of expected credit losses decreases, the reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognised in surplus or deficit.

(h) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows of the financial assets expire; or where the Group transfers the financial assets and either (i) it has transferred substantially all the risks and rewards of ownership of the financial assets or (ii) it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial assets but has not retained control of the financial assets.

Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged, cancelled or expires.

(i) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that assets may be impaired or an impairment charge previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. An impairment charge is recognised in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment charges is limited to the asset's carrying amount that would have been determined had no impairment charge been recognised in prior periods. Reversals of impairment charges are credited to surplus or deficit in the period in which the reversals are recognised.

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leasing

The right-of-use assets is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modification, amongst others.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits at banks, net of short-term bank loans and bank overdrafts which are repayable on demand.

(m) Accounts and other payables

Accounts and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which cases, they are stated at cost.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligations, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition

Interest income from bank deposits and savings accounts is recognised as it accrues using the effective interest method.

The recognition of revenue from contracts with customers is based on the performance obligations identified in the contracts. Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer who obtains the control of the asset:

- (i) Activities income is recognised when activities are completed.
- (ii) Donation income is recognised on a cash receipt basis.
- (iii) Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in surplus or deficit on a systematic basis in the same periods in which the expenses are incurred.
- (iv) Revenue from sale of merchandise is recognised on the transfer of risks and rewards of ownership which generally coincides with the time when the goods are delivered to customers and the title has passed.
- (v) Service income is recognised when services are rendered.

(p) Employee benefits

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

(q) Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the end of the reporting period exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Foreign currency translations (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognised directly in funds and reserves, any exchange component of that gain or loss shall be recognised directly in funds and reserves. Conversely, when a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss shall be recognised in surplus or deficit.

(r) Related parties

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

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

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

- (a) 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).
- (b) 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).
- (c) Both entities are joint ventures of the same third party.
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (f) The entity is controlled or jointly controlled by a person identified in (i).
- (g) A person identified in (i)(a) 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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment on receivables

The Group's management determines the provision for impairment on receivables. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the estimation at the end of each reporting period.

5. FLAG DAY INCOME

(a) Proceeds from Flag Day held on October 17, 2020 (2019: Nil) are as follows:

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
Total receipts	601,157	--
Less: Total payments	(53,273)	--
Net Flag Day receipts	<u>547,884</u>	<u>--</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

5. FLAG DAY INCOME (CONTINUED)

(b) Usage of the net Flag Day held on October 17, 2020 (2019: Nil) receipts is as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Providing an easily accessible drop-in centre and study room	164,365	--
Providing socialised and developmental programs for children, youth and parents	71,225	--
Providing after school care service	109,577	--
Running a comprehensive Adversity Training Program for youth – Overseas Travelling Reward Scheme for youth	82,183	--
Running Volunteer Group Service, deprived family support service, community development and various types of programs	65,746	--
Handling children and youth counselling cases with emotional problems and other adaptation difficulties	54,788	--
Net Flag Day receipts	<u>547,884</u>	<u>--</u>

6. TAXATION

No provision has been made for Hong Kong Profits Tax as the Church and the Group is exempted from tax under section 88 of the Inland Revenue Ordinance by reason of being a charitable organisation.

7. COUNCILORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(a) Remuneration of the councilors of the Church 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:

	<u>2020</u>	<u>2019</u>
	\$	\$
<u>Emoluments (including benefit of kind)</u>		
Acting as councilors	710,580	683,115
Provision of management services	--	--
	<u>710,580</u>	<u>683,115</u>

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CHAI WAN BAPTIST CHURCH

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

7. COUNCILORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONTINUED)

- (b) Loans, quasi-loans and other dealing in favour of the councilors of the Church disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

<u>Name of borrower</u>	<u>Relevant councilor</u>	<u>Principal terms</u>	<u>Outstanding principal and interest</u>			<u>Overdue amount</u>	<u>Provision</u>
			<u>At beginning of year</u>	<u>At end of year</u>	<u>Maximum amount outstanding</u>		
			<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>Amounts due from subsidiaries</u>							
Chai Wan Baptist Church Community Health Centre Limited	1(a)	2	2,117	6,833	13,514	Nil	Nil
Chai Wan Baptist Church Dental Clinic Limited	1(b)	2	23,140	24,110	48,200	Nil	Nil
			<u>25,257</u>	<u>30,943</u>			

Notes:

1. Relevant councilor

(a) Fung Yuk Lan, Tang Wing Hong, Yeung Tak Chuen and Choi Chi Keung

(b) Chu Muk Wah

2. Principal terms

The loans are unsecured, interest free and have no fixed repayment term.

- (c) Material interests of the councilors of the Church disclosure pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

In the opinion of the councilors, the councilors of the Church had no material interests in those significant transactions, arrangements or contracts in relation to the Church's operation entered into by the Church or another company in the same group of companies or subsisted during the financial year.

CHAI WAN BAPTIST CHURCH

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

8. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold land and buildings</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvement</u>	<u>Office and medical equipment</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<u>Cost:</u>					
At January 1, 2019	9,751,335	1,519,210	15,160,276	3,529,313	29,960,134
Additions	--	10,480	117,189	392,100	519,769
At December 31, 2019	<u>9,751,335</u>	<u>1,529,690</u>	<u>15,277,465</u>	<u>3,921,413</u>	<u>30,479,903</u>
At January 1, 2020	9,751,335	1,529,690	15,277,465	3,921,413	30,479,903
Additions	--	42,500	--	237,689	280,189
At December 31, 2020	<u>9,751,335</u>	<u>1,572,190</u>	<u>15,277,465</u>	<u>4,159,102</u>	<u>30,760,092</u>
<u>Accumulated depreciation and impairment losses:</u>					
At January 1, 2019	9,751,335	1,302,940	9,303,443	3,469,961	23,827,679
Depreciation for the year	--	138,598	685,287	96,323	920,208
At December 31, 2019	<u>9,751,335</u>	<u>1,441,538</u>	<u>9,988,730</u>	<u>3,566,284</u>	<u>24,747,887</u>
At January 1, 2020	9,751,335	1,441,538	9,988,730	3,566,284	24,747,887
Depreciation for the year	--	58,822	627,337	139,786	825,945
At December 31, 2020	<u>9,751,335</u>	<u>1,500,360</u>	<u>10,616,067</u>	<u>3,706,070</u>	<u>25,573,832</u>
<u>Carrying amount:</u>					
At January 1, 2019	--	216,270	5,856,833	59,352	6,132,455
At December 31, 2019	--	88,152	5,288,735	355,129	5,732,016
At January 1, 2020	--	88,152	5,288,735	355,129	5,732,016
At December 31, 2020	--	71,830	4,661,398	453,032	5,186,260

The land used by the Group is granted by the Government of Hong Kong Special Administrative Region (formerly known as Hong Kong Government) and deemed as nil value to the Group.

CHAI WAN BAPTIST CHURCH

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

9. LEASE ARRANGEMENTS

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	<u>Properties</u>	<u>Other assets</u>	<u>Total</u>
	\$	\$	\$
<u>Cost:</u>			
Arising from initial application	853,722	--	853,722
Additions	--	225,098	225,098
At December 31, 2019	<u>853,722</u>	<u>225,098</u>	<u>1,078,820</u>
At January 1, 2020	853,722	225,098	1,078,820
Additions	1,328,768	6,612	1,335,380
At December 31, 2020	<u>2,182,490</u>	<u>231,710</u>	<u>2,414,200</u>
<u>Accumulated depreciation and impairment losses:</u>			
Depreciation for the year and at December 31, 2019	426,861	37,516	464,377
At January 1, 2020	426,861	37,516	464,377
Depreciation for the year	438,907	38,839	477,746
At December 31, 2020	<u>865,768</u>	<u>76,355</u>	<u>942,123</u>
<u>Carrying amount:</u>			
At December 31, 2019	<u>426,861</u>	<u>187,582</u>	<u>614,443</u>
At January 1, 2020	<u>426,861</u>	<u>187,582</u>	<u>614,443</u>
At December 31, 2020	<u>1,316,722</u>	<u>155,355</u>	<u>1,472,077</u>

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FOR THE YEAR ENDED DECEMBER 31, 2020

9. LEASE ARRANGEMENTS (CONTINUED)

(b) Lease liabilities

The carrying amount of the Group's lease liabilities and the movements during the year are as follows:

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At January 1	606,901	--
Arising from initial application	--	853,722
Additions	1,335,380	225,098
Accretion of interest recognised during the year	105,033	53,941
Payments for the year	(546,576)	(525,860)
At December 31	<u>1,500,738</u>	<u>606,901</u>
Analysed into:		
Current portion	522,880	401,208
Non-current portion	977,858	205,693
	<u>1,500,738</u>	<u>606,901</u>

(c) Lease commitments

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Properties</u>	<u>Other assets</u>	<u>Properties</u>	<u>Other assets</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Within one year	501,264	47,760	373,500	47,760
In the second to fifth year inclusive	877,212	115,420	--	163,180
	<u>1,378,476</u>	<u>163,180</u>	<u>373,500</u>	<u>210,940</u>

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FOR THE YEAR ENDED DECEMBER 31, 2020

10. NON-CURRENT FINANCIAL ASSETS

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
Financial assets measured at fair value through other comprehensive income:		
Unlisted equity securities	2,000	2,000
	=====	=====

11. INVENTORIES

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
Goods for resale	245,226	253,064
	=====	=====

12. GENERAL FUND

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	9,550,453	8,592,346
	-----	-----
Surplus for the year	1,294,906	519,087
Transfer from Flag Day Fund	--	219,855
Transfer from Love Your Neighbour Fund	390,573	389,895
Transfer to Church Designated Fund	(160,060)	(170,750)
Transfer to Service Expansion Fund	(72,331)	--
	-----	-----
	1,453,088	958,087
	-----	-----
At end of year	11,003,541	9,550,433
	=====	=====

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FOR THE YEAR ENDED DECEMBER 31, 2020

13. ANTI-EPIDEMIC FUND

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	--	--
	-----	-----
Grants received	763,865	--
Expenses incurred	(763,865)	--
	-----	-----
Surplus for the year	--	--
	-----	-----
At end of year	--	--
	=====	=====

14. ASCP

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	--	--
	-----	-----
Grants received	384,024	334,800
Expenses incurred	(384,024)	(334,800)
	-----	-----
Surplus for the year	--	--
	-----	-----
At end of year	--	--
	=====	=====

CHAI WAN BAPTIST CHURCH

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

15. ASSETS RESERVE

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	5,420,776	5,611,936
	-----	-----
Depreciation charged and deficit for the year	(635,839)	(710,928)
Transfer from Church Development and Maintenance Fund	88,500	110,420
Transfer from One-off School Start-up Grant	--	50,660
Transfer from Premises Maintenance Grant	--	90,488
Transfer from Love Your Neighbour Fund	--	268,200
	<u>(547,339)</u>	<u>(191,160)</u>
	-----	-----
At end of year	<u>4,873,437</u>	<u>5,420,776</u>
	=====	=====

16. BELLA FOUNDATION

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	--	--
	-----	-----
Donation received	69,000	--
Expenses incurred	(15,797)	--
	<u>53,203</u>	<u>--</u>
	-----	-----
At end of year	<u>53,203</u>	<u>--</u>
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

17. CHA DUK CHANG PROGRAMME

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	4,970	--
	-----	-----
Grants received	--	9,330
Expenses incurred	(4,970)	(4,360)
	-----	-----
(Deficit)/Surplus for the year	(4,970)	4,970
	-----	-----
At end of year	--	4,970
	=====	=====

18. CHARITY FUND

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	1,088,631	1,067,340
	-----	-----
Donation received	28,870	64,520
Expenses incurred	(1,250)	(43,229)
	-----	-----
Surplus for the year	27,620	21,291
	-----	-----
At end of year	1,116,251	1,088,631
	=====	=====

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FOR THE YEAR ENDED DECEMBER 31, 2020

19. CHICKEN SOUP PROJECT FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	7,745	7,745
	-----	-----
Donation received	248,000	248,000
Activities and services supporting to General Fund	(248,000)	(248,000)
	-----	-----
Surplus for the year	--	--
	-----	-----
At end of year	<u>7,745</u>	<u>7,745</u>

20. CHILD DEVELOPMENT FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	496	14
	-----	-----
Bank interest received	66	482
Grants received	1,089,000	1,108,360
Expenses incurred	(736,292)	(1,033,584)
Transfer to received in advance	(352,708)	(74,776)
	-----	-----
Surplus for the year	66	482
	-----	-----
At end of year	<u>562</u>	<u>496</u>

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FOR THE YEAR ENDED DECEMBER 31, 2020

21. CHURCH DESIGNATED FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	896,622	725,872
Transfer from General Fund	160,060	170,750
At end of year	<u>1,056,682</u>	<u>896,622</u>

22. CHURCH DEVELOPMENT AND MAINTENANCE FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	79,138	55,542
Offerings and activities income	164,150	154,880
Expenses incurred	--	(20,864)
Surplus for the year	<u>164,150</u>	<u>134,016</u>
Transfer to Assets Reserve	(88,500)	(110,420)
	<u>75,650</u>	<u>23,596</u>
At end of year	<u>154,788</u>	<u>79,138</u>

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FOR THE YEAR ENDED DECEMBER 31, 2020

23. DENTAL CHARITY FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	145,949	152,233
	-----	-----
Donation from General Fund	3,000	1,000
Dental services supporting to General Fund	--	(7,284)
	-----	-----
Surplus/(Deficit) for the year	3,000	(6,284)
	-----	-----
At end of year	<u>148,949</u>	<u>145,949</u>

24. ENHANCED ASCP

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	--	--
	-----	-----
Grants received	1,356,960	1,183,644
Service income	127,738	384,346
Expenses incurred	(1,496,843)	(1,636,252)
	-----	-----
Deficit for the year	(12,145)	(68,262)
Transfer from Flag Day Fund	--	9,115
Transfer from Service Expansion Fund	12,145	59,147
	-----	-----
	-----	-----
At end of year	<u>-----</u>	<u>-----</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

25. ESTABLISHMENT FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	693,034	668,334
	-----	-----
Donation received	41,100	24,700
Expenses incurred	(14,535)	--
	-----	-----
Surplus for the year	26,565	24,700
	-----	-----
At end of year	719,599	693,034
	=====	=====

26. FLAG DAY FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	1,479,369	1,709,439
	-----	-----
Donation received	601,157	--
Expenses incurred	(53,273)	--
	-----	-----
Surplus for the year	547,884	--
Transfer to General Fund	--	(219,855)
Transfer to Enhanced ASCP	--	(9,115)
Transfer to Redford Charitable Foundation	--	(1,100)
	-----	-----
	547,884	(230,070)
	-----	-----
At end of year	2,027,253	1,479,369
	=====	=====

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27. GRANT FOR SUPPORT TO NON-CHINESE SPEAKING STUDENTS

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	34,511	--
	-----	-----
Grants received	101,864	66,672
Expenses incurred	(82,935)	(32,161)
	-----	-----
Surplus for the year	18,929	34,511
	-----	-----
At end of year	53,440	34,511
	=====	=====

28. GREENING SCHOOL SUBSIDY

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	--	2,000
	-----	-----
Grants received	2,000	3,200
Expenses incurred	(1,195)	(5,200)
	-----	-----
Surplus/(Deficit) for the year	805	(2,000)
	-----	-----
At end of year	805	--
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS

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29. HOME SCHOOL CO-OPERATION FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	--	--
	-----	-----
Grants received	15,150	59,200
Expenses incurred	(34,784)	(36,176)
Transfer from/(to) received in advance	19,634	(23,024)
	-----	-----
Surplus for the year	--	--
	-----	-----
At end of year	--	--
	=====	=====

30. JOEY YUNG CHARITABLE FOUNDATION

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	--	--
Donation received and surplus for the year	100,000	--
	-----	-----
At end of year	100,000	--
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

31. LOVE YOUR NEIGHBOUR FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	813,666	1,377,398
	-----	-----
Donation received	931,145	212,699
Programme income received	229,256	852,614
Expenses incurred	(612,519)	(970,950)
	-----	-----
Surplus for the year	547,882	94,363
Transfer to General Fund	(390,573)	(389,895)
Transfer to Assets Reserve	--	(268,200)
	-----	-----
	157,309	(563,732)
	-----	-----
At end of year	970,975	813,666
	=====	=====

32. LUI MING CHOI FOUNDATION

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	29,047	20,000
	-----	-----
Donation received	--	20,000
Expenses incurred	(29,047)	(10,953)
	-----	-----
(Deficit)/Surplus for the year	(29,047)	9,047
	-----	-----
At end of year	--	29,047
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

33. MINISTERIAL STAFF RETIREMENT FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	194,520	156,620
Donation received and surplus for the year	22,600	37,900
At end of year	<u>217,120</u>	<u>194,520</u>

34. MISSION FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	181,964	159,859
Donation received	194,903	245,413
Expenses incurred	(263,623)	(200,988)
Expenses supporting to General Fund	(46,320)	(22,320)
(Deficit)/Surplus for the year	<u>(115,040)</u>	<u>22,105</u>
At end of year	<u>66,924</u>	<u>181,964</u>

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

35. ONE-OFF GRANT TO STEP UP PREVENTIVE MEASURES AGAINST THE SPREAD OF NOVEL CORONAVIRUS INFECTION

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	--	--
	-----	-----
Grants received	60,000	--
Expenses incurred	(62,416)	--
	-----	-----
Deficit for the year	(2,416)	--
	-----	-----
At end of year	(2,416)	--
	=====	=====

36. ONE-OFF SCHOOL START-UP GRANT

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	--	444,240
	-----	-----
Grants received	--	13,480
Expenses incurred	--	(179,960)
Refunded to Education Bureau	--	(227,100)
	-----	-----
Deficit for the year	--	(393,580)
Transfer to Assets Reserve	--	(50,660)
	-----	-----
	--	(444,240)
	-----	-----
At end of year	--	--
	=====	=====

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

37. OPPORTUNITIES FOR THE ELDERLY PROJECT FUND

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	--	--
Expenses incurred and deficit for the year	(3,000)	--
At end of year	<u>(3,000)</u>	<u>--</u>

38. PILOT SCHEME ON THE PROMOTION OF READING GRANT FOR KINDERGARTENS

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	33,119	52,000
Grants received	130,140	95,000
Expenses incurred	(144,302)	(113,881)
Deficit for the year	<u>(14,162)</u>	<u>(18,881)</u>
At end of year	<u>18,957</u>	<u>33,119</u>

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

39. PREMISES MAINTENANCE GRANT

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	90,197	(14,955)
	-----	-----
Grants received	81,480	81,502
Reversal of expenses incurred in last year	--	114,138
	-----	-----
Surplus for the year	81,480	195,640
Transfer to Assets Reserve	--	(90,488)
	-----	-----
	81,480	105,152
	-----	-----
At end of year	<u>171,677</u>	<u>90,197</u>
	=====	=====

40. REDFORD CHARITABLE FOUNDATION

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	--	--
	-----	-----
Grants received	10,800	11,900
Expenses incurred	(10,800)	(13,000)
	-----	-----
Deficit for the year	--	(1,100)
Transfer from Flag Day Fund	--	1,100
	-----	-----
	--	--
	-----	-----
At end of year	<u>--</u>	<u>--</u>
	=====	=====

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

41. SERVICE EXPANSION FUND

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	--	59,147
	-----	-----
Transfer from General Fund	72,331	--
Transfer to Enhanced ASCP	(12,145)	(59,147)
	<u>60,186</u>	<u>(59,147)</u>
	-----	-----
At end of year	<u>60,186</u>	--
	=====	=====

42. SIR DAVID TRENCH FUND FOR RECREATION

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	(27,950)	--
	-----	-----
Donation received	27,950	--
Expenses incurred	--	(27,950)
	<u>27,950</u>	<u>(27,950)</u>
	-----	-----
At end of year	<u>--</u>	<u>(27,950)</u>
	=====	=====

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

43. SOCIAL SERVICE DEVELOPMENT FUND

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	2,693,202	2,617,706
Donation received and surplus for the year	43,490	75,496
At end of year	<u>2,736,692</u>	<u>2,693,202</u>

44. SPECIAL GRANT FOR ANTI-EPIDEMIC GRANT

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	--	--
Grants received	861,000	--
Expenses incurred	(846,901)	--
Surplus for the year	<u>14,099</u>	--
At end of year	<u>14,099</u>	--

45. SUNDRY REPLACEMENT RESERVE

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning and end of year	<u>1,101</u>	<u>1,101</u>

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

46. SUPPORT FOR STUDENT LEARNING AT HOME

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	--	--
Expenses incurred and deficit for the year	(1,128)	--
At end of year	<u>(1,128)</u>	<u>--</u>

47. THE HONG KONG COUNCIL OF SOCIAL SERVICE

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	--	--
Donation received and surplus for the year	20,000	--
At end of year	<u>20,000</u>	<u>--</u>

48. THE SIR ROBERT HO TUNG CHARITABLE FUND

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	--	--
Donation received	--	40,700
Expenses incurred	--	(40,700)
Surplus for the year	<u>--</u>	<u>--</u>
At end of year	<u>--</u>	<u>--</u>

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

49. WEBSITE ENHANCEMENT GRANT

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At beginning of year	--	--
Grants received and surplus for the year	20,000	--
At end of year	<u>20,000</u>	<u>--</u>

50. RECONCILIATION OF SURPLUS/(DEFICIT) FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
Surplus/(Deficit) for the year	2,196,882	(55,377)
Adjustments for:		
Interest income	(67,642)	(102,225)
Lease interest	105,033	53,941
Depreciation of property, plant and equipment	825,945	920,208
Depreciation of right-of-use assets	477,746	464,377
Surplus before working capital changes	<u>3,537,964</u>	<u>1,280,924</u>
Decrease in inventories	7,838	6,144
Decrease in prepayments and deposits	1,536	266,223
Decrease/(Increase) in other accounts receivable	338,976	(520,993)
Increase in other accounts payable and accruals	3,403	433,818
(Decrease)/Increase in received in advance	(296,914)	7,740,175
Net cash from operating activities	<u>3,592,803</u>	<u>9,206,291</u>

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

51. STATEMENT OF FINANCIAL POSITION AND FUNDS AND RESERVES MOVEMENT OF THE CHURCH

(a) This statement of financial position is a separate financial statement of the Church.

	<u>2020</u>	<u>2019</u>
	\$	\$
NON-CURRENT ASSETS		
Property, plant and equipment	4,896,885	5,448,974
Right-of-use assets	1,472,077	614,443
Non-current financial assets	2,000	2,000
Interests in subsidiaries	--	--
	<u>6,370,962</u>	<u>6,065,417</u>
CURRENT ASSETS		
Inventories	170,931	168,796
Prepayments and deposits	118,183	121,219
Other accounts receivable	167,067	345,140
Amounts due from subsidiaries	30,943	25,257
Bank balances and cash	15,770,101	12,474,533
	<u>16,257,225</u>	<u>13,134,945</u>
CURRENT LIABILITIES		
Other accounts payable and accruals	830,721	521,764
Received in advance	812,621	325,946
Lease liabilities	522,880	401,208
	<u>2,166,222</u>	<u>1,248,918</u>
NET CURRENT ASSETS	<u>14,091,003</u>	<u>11,886,027</u>
NON-CURRENT LIABILITIES		
Lease liabilities	977,858	205,693
NET ASSETS	<u>19,484,107</u>	<u>17,745,751</u>
FUNDS AND RESERVES		
General Fund	6,684,008	5,582,577
Anti-epidemic Fund	--	--
ASCP	--	--
Assets Reserve	4,712,517	5,206,216
Bella Foundation	53,203	--
Cha Duk Chang Programme	--	4,970
Charity Fund	593,293	565,873

...../To be continued 116

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

51. STATEMENT OF FINANCIAL POSITION AND FUNDS AND RESERVES MOVEMENT OF THE CHURCH (CONTINUED)

- (a) This statement of financial position is a separate financial statement of the Church.
...../Continued

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
FUNDS AND RESERVES (CONTINUED)		
Chicken Soup Project Fund	7,745	7,745
Child Development Fund	562	496
Church Designated Fund	1,056,682	896,622
Church Development and Maintenance Fund	154,788	79,138
Enhanced ASCP	--	--
Establishment Fund	719,599	693,034
Flag Day Fund	2,027,253	1,479,369
Grant for Support to Non-Chinese Speaking Students	53,440	34,511
Greening School Subsidy	805	--
Home School Co-operation Fund	--	--
Joey Yung Charitable Foundation	100,000	--
Love Your Neighbour Fund	--	--
Lui Ming Choi Foundation	--	29,047
Ministerial Staff Retirement Fund	217,120	194,520
Mission Fund	66,924	181,964
One-off Grant to Step up Preventive Measures against the Spread of Novel Coronavirus Infection	(2,416)	--
One-off School Start-up Grant	--	--
Opportunities for the Elderly Project Fund	(3,000)	--
Pilot Scheme on the Promotion of Reading		
Grant for Kindergartens	18,957	33,119
Premises Maintenance Grant	171,677	90,197
Redford Charitable Foundation	--	--
Service Expansion Fund	60,186	--
Sir David Trench Fund for Recreation	--	(27,950)
Social Service Development Fund	2,736,692	2,693,202
Special Grant for Anti-epidemic Grant	14,099	--
Sundry Replacement Reserve	1,101	1,101
Support for Student Learning at Home	(1,128)	--
The Hong Kong Council of Social Service	20,000	--
The Sir Robert Ho Tung Charitable Fund	--	--
Website Enhancement Grant	20,000	--
	<u>19,484,107</u>	<u>17,745,751</u>

Approved and authorised for issue by the council on July 18, 2021

Choi Chi Keung
* CHOLCHI KEUNG *
CHAIRMAN

Tang Wing Hong
* TANG WING HONG *
COUNCILOR

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

**51. STATEMENT OF FINANCIAL POSITION AND FUNDS AND RESERVES
MOVEMENT OF THE CHURCH (CONTINUED)**

(b) Principal activities and other particulars of the Church's subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation and operation</u>	<u>Proportion of voting power held</u>	<u>Principal activities</u>
Chai Wan Baptist Church Community Health Centre Limited	Hong Kong	100% (2019: 100%)	Provision of health care services, establish clinics, centres, hospitals or any other facilities for the betterment of health caring services.
Chai Wan Baptist Church Dental Clinic Limited	Hong Kong	100% (2019: 100%)	Provision of dental services, establish clinics, hospitals or any other facilities for the betterment of dental health caring.

The above companies are incorporated in Hong Kong under Hong Kong Companies Ordinance and limited by guarantee. No capital injection was made by the Church. They are accounted for as subsidiaries by virtue of the Church's control over them.

CHAI WAN BAPTIST CHURCH
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

51. STATEMENT OF FINANCIAL POSITION AND FUNDS AND RESERVES MOVEMENT OF THE CHURCH (CONTINUED)

(c) Funds and reserves movement of the Church are as follows:

	General Fund	Anti-epidemic Fund	ASCP	Assets Reserve	Bella Foundation	Cha Duk Chang Programme	Charity Fund	Chicken Soup Project	Child Development
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2019	5,457,931	--	--	5,611,936	--	--	546,082	7,745	14
Total comprehensive loss for the year	(314,354)	--	--	(657,288)	--	4,970	19,791	--	482
Transfer of General Fund	49,105	--	--	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	389,895	--	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	--	--	--	--
Transfer of Premises Maintenance Grant	--	--	--	90,488	--	--	--	--	--
Transfer of One-off School Start-up Grant	--	--	--	50,660	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	110,420	--	--	--	--	--
Transfer of Flag Day Fund	--	--	--	--	--	--	--	--	--
Transfer of Redford Charitable Foundation	--	--	--	--	--	--	--	--	--
Balance at December 31, 2019	<u>5,582,577</u>	<u>--</u>	<u>--</u>	<u>5,206,216</u>	<u>--</u>	<u>4,970</u>	<u>565,873</u>	<u>7,745</u>	<u>496</u>
Balance at January 1, 2020	5,582,577	--	--	5,206,216	--	4,970	565,873	7,745	496
Total comprehensive income for the year	943,249	--	--	(582,199)	53,203	(4,970)	27,420	--	66
Transfer of General Fund	(232,391)	--	--	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	390,573	--	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	88,500	--	--	--	--	--
Balance at December 31, 2020	<u>6,684,008</u>	<u>--</u>	<u>--</u>	<u>4,712,517</u>	<u>53,203</u>	<u>--</u>	<u>593,293</u>	<u>7,745</u>	<u>562</u>

...../To be continued

**CHAI WAN BAPTIST CHURCH
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

51. STATEMENT OF FINANCIAL POSITION AND FUNDS AND RESERVES MOVEMENT OF THE CHURCH (CONTINUED)

(c) Funds and reserves movement of the Church are as follows:

...../Continued	Church Designated Fund \$	Church Development and Maintenance Fund \$	Enhanced ASCP \$	Establishment Fund \$	Flag Day Fund \$	Grant for Support to Non-Chinese Speaking Students \$	Greening School Subsidy \$	Home School Co-operation Fund \$	Joey Yung Charitable Foundation \$
Balance at January 1, 2019	725,872	55,542	--	668,334	1,709,439	--	2,000	--	--
Total comprehensive loss for the year	--	134,016	(68,262)	24,700	--	34,511	(2,000)	--	--
Transfer of General Fund	170,750	--	--	--	(219,855)	--	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	59,147	--	--	--	--	--	--
Transfer of Premises Maintenance Grant	--	--	--	--	--	--	--	--	--
Transfer of One-off School Start-up Grant	--	--	--	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	(110,420)	--	--	--	--	--	--	--
Transfer of Flag Day Fund	--	--	9,115	--	(9,115)	--	--	--	--
Transfer of Redford Charitable Foundation	--	--	--	--	(1,100)	--	--	--	--
Balance at December 31, 2019	<u>896,622</u>	<u>79,138</u>	<u>--</u>	<u>693,034</u>	<u>1,479,369</u>	<u>34,511</u>	<u>--</u>	<u>--</u>	<u>--</u>
Balance at January 1, 2020	896,622	79,138	--	693,034	1,479,369	34,511	--	--	--
Total comprehensive income for the year	--	164,150	(12,145)	26,565	547,884	18,929	805	--	100,000
Transfer of General Fund	160,060	--	--	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	12,145	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	(88,500)	--	--	--	--	--	--	--
Balance at December 31, 2020	<u>1,056,682</u>	<u>154,788</u>	<u>--</u>	<u>719,599</u>	<u>2,027,253</u>	<u>53,440</u>	<u>805</u>	<u>--</u>	<u>100,000</u>

...../To be continued

CHAI WAN BAPTIST CHURCH
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

51. STATEMENT OF FINANCIAL POSITION AND FUNDS AND RESERVES MOVEMENT OF THE CHURCH (CONTINUED)

(c) Funds and reserves movement of the Church are as follows:
/Continued

	Love Your Neighbour Fund	Lui Ming Choi Foundation	Ministerial Staff Retirement Fund	Mission Fund	One-off Grant to Step up Preventive Measures against the Spread of Novel Coronavirus Infection	One-off School Start-up Grant	Opportunities for the Elderly Project Fund	Pilot Scheme on the Promotion of Reading Grant for Kindergartens
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2019	779,789	20,000	156,620	159,859	--	444,240	--	52,000
Total comprehensive loss for the year	(389,894)	9,047	37,900	22,105	--	(393,580)	--	(18,881)
Transfer of General Fund	--	--	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	(389,895)	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	--	--	--
Transfer of Premises Maintenance Grant	--	--	--	--	--	--	--	--
Transfer of One-off School Start-up Grant	--	--	--	--	--	(50,660)	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--	--	--	--
Transfer of Flag Day Fund	--	--	--	--	--	--	--	--
Transfer of Redford Charitable Foundation	--	--	--	--	--	--	--	--
Balance at December 31, 2019	--	29,047	194,520	181,964	--	--	--	33,119
Balance at January 1, 2020	--	29,047	194,520	181,964	--	--	--	33,119
Total comprehensive income for the year	390,573	(29,047)	22,600	(115,040)	(2,416)	--	(3,000)	(14,162)
Transfer of General Fund	--	--	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	(390,573)	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--	--	--	--
Balance at December 31, 2020	--	--	217,120	66,924	(2,416)	--	(3,000)	18,957

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CHAI WAN BAPTIST CHURCH
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

51. STATEMENT OF FINANCIAL POSITION AND FUNDS AND RESERVES MOVEMENT OF THE CHURCH (CONTINUED)

(c) Funds and reserves movement of the Church are as follows:

...../Continued

	Premises Maintenance Grant \$	Redford Charitable Foundation \$	Service Expansion Fund \$	Sir David Trench Fund for Recreation \$	Social Service Development Fund \$	Special Grant for Anti-epidemic Grant \$	Sundry Replacement Reserve \$
Balance at January 1, 2019	(14,955)	--	59,147	--	2,617,706	--	1,101
Total comprehensive loss for the year	195,640	(1,100)	--	(27,950)	75,496	--	--
Transfer of General Fund	--	--	--	--	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	(59,147)	--	--	--	--
Transfer of Premises Maintenance Grant	(90,488)	--	--	--	--	--	--
Transfer of One-off School Start-up Grant	--	--	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--	--	--
Transfer of Flag Day Fund	--	--	--	--	--	--	--
Transfer of Redford Flag Day Foundation	--	1,100	--	--	--	--	--
Balance at December 31, 2019	<u>90,197</u>	<u>--</u>	<u>--</u>	<u>(27,950)</u>	<u>2,693,202</u>	<u>--</u>	<u>1,101</u>
Balance at January 1, 2020	90,197	--	--	(27,950)	2,693,202	--	1,101
Total comprehensive income for the year	81,480	--	--	27,950	43,490	14,099	--
Transfer of General Fund	--	--	72,331	--	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	(12,145)	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--	--	--
Balance at December 31, 2020	<u>171,677</u>	<u>--</u>	<u>60,186</u>	<u>--</u>	<u>2,736,692</u>	<u>14,099</u>	<u>1,101</u>

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CHAI WAN BAPTIST CHURCH
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

51. STATEMENT OF FINANCIAL POSITION AND FUNDS AND RESERVES MOVEMENT OF THE CHURCH (CONTINUED)

(c) Funds and reserves movement of the Church are as follows:

...../Continued

	Support for Student Learning at Home \$	The Hong Kong Council of Social Service \$	The Sir Robert Ho Tung Charitable Fund \$	Website Enhancement Grant \$	Total \$
Balance at January 1, 2019	--	--	--	--	19,060,402
Total comprehensive loss for the year	--	--	--	--	(1,314,651)
Transfer of General Fund	--	--	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--
Transfer of Premises Maintenance Grant	--	--	--	--	--
Transfer of One-off School Start-up Grant	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--
Transfer of Flag Day Fund	--	--	--	--	--
Transfer of Redford Flag Day Foundation	--	--	--	--	--
Balance at December 31, 2019	--	--	--	--	<u>17,745,751</u>
Balance at January 1, 2020	--	--	--	--	17,745,751
Total comprehensive income for the year	(1,128)	20,000	--	20,000	1,738,356
Transfer of General Fund	--	--	--	--	--
Transfer of Love Your Neighbour Fund	--	--	--	--	--
Transfer of Service Expansion Fund	--	--	--	--	--
Transfer of Church Development and Maintenance Fund	--	--	--	--	--
Balance at December 31, 2020	<u>(1,128)</u>	<u>20,000</u>	<u>--</u>	<u>20,000</u>	<u>19,484,107</u>

CHAI WAN BAPTIST CHURCH

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

52. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for its stakeholders. The Group defines "capital" as including all funds and reserves and on this basis the amount of capital employed at December 31, 2020 was \$25,607,422 (2019: \$23,410,540). The Group aims to maintain its capital at a reasonable level.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices incorporated. Adjustments are made to the capital structure in light of change in economic conditions. No changes were made in the objectives, policies and processes during the year ended December 31, 2020.

53. FINANCIAL RISK MANAGEMENT

The Group has classified its financial assets in the following categories:

	<u>Loans and Receivables</u>	<u>Non-current financial assets</u>	<u>Total</u>
	\$	\$	\$
<u>2020</u>			
Non-current financial assets (note 10)	--	2,000	2,000
Prepayments and deposits	162,683	--	162,683
Other accounts receivable	418,151	--	418,151
Bank balances and cash	28,852,581	--	28,852,581
	<u>29,433,415</u>	<u>2,000</u>	<u>29,435,415</u>
<u>2019</u>			
Non-current financial assets (note 10)	--	2,000	2,000
Prepayments and deposits	164,219	--	164,219
Other accounts receivable	757,127	--	757,127
Bank balances and cash	26,018,901	--	26,018,901
	<u>26,940,247</u>	<u>2,000</u>	<u>26,942,247</u>

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(LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED DECEMBER 31, 2020

53. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's activities are exposed to a variety of financial risks as summarised below:

(a) Interest rate risk

As the Group has no significant interest-bearing liabilities, its interest rate risk arises primarily from the interest-bearing deposits. In the opinion of councilors, the interest rate risk is minimal.

(b) Foreign currency risk

Most of the Group's monetary assets and liabilities are denominated in Hong Kong dollars, and the Group conducted its transactions principally in Hong Kong dollars. Accordingly, the Group did not perform any sensitivity analysis with respect to foreign currency risk.

(c) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and credit exposure to other accounts receivable.

The Group has policies in place to ensure that sale of goods and services are made to customers with appropriate credit history. To limit its expose to credit risk, the Group places deposits only with financial institutions with acceptable credit ratings. Receivable balances are monitored by the management on an ongoing basis.

Summary quantitative data

	<u>2020</u>	<u>2019</u>
	\$	\$
Other accounts receivable	418,151	757,127
Bank balances and cash	28,852,581	26,018,901
	<u>29,270,732</u>	<u>26,776,028</u>

At the end of reporting period, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

53. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

The Group's funding requirements and liquidity risks are managed with the objective of meeting its operational obligations in a timely manner. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to satisfy its contractual and reasonably foreseeable obligations as they fall due.

The councilors of the Church having considered the operations and financial positions of the Group are of the opinion that the above financial risk factors would not have any significant impact on its financial statements.