

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

[incorporated in Hong Kong with limited by guarantec]

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

TOGETHER WITH DIRECTORS' REPORT AND INDEPENDENT AUDITOR'S REPORT

[Expressed in Hong Kong Dollars ("HK\$")]



23700644809
AC
31/03/2021

0048658

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

The committee members present herewith their report and the audited financial statements for the year ended 30 June 2020.

PRINCIPAL ACTIVITIES

During the year, the Council was involved in the principal activities of missionary work, particularly in publication.

RESULTS AND APPROPRIATIONS

The Council's results for the year ended 30 June 2020 and the state of affairs of the Council as at the end thereof are set out on page 6 to 23 in the financial statements.

BUSINESS REVIEW

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

RESERVES

There were no movements in reserves except for changes to retained earnings which arose from profit.

COMMITTEE MEMBERS

The committee members who held office during the year and up to the date of this report were:

LEE Chee Kong
YU Ying Ngok
LAU Kin Leung
PO Kam Cheong
HO Nga Yee
CHAN Chor Choi
YICK Kar Lim
CHAN Tak Cheong
KWAN Shui Man
CHAN Hin Cheung
FAN Chun Ho
LI Ping Kwong
LEE Ching Yee
LEUNG Yuen Yiu
NG Ka Wai

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

REPORT OF THE EXECUTIVE COMMITTEE (Continued)

COMMITTEE MEMBERS (Continued)

In accordance with article 43 of the Council's Articles of Association, the committee members who have been longest in office since their last election retire.

In accordance with article 44 of the Council's Articles of Association, a retiring committee member shall be eligible, offer themselves for re-election.

COMMITTEE MEMBERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Council was a party and in which a committee member of the Council had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMMITTEE MEMBERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Council's business to which the Council was a party and in which a committee member of the Council had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

AUDITOR

The financial statements have been audited by **K.Y. Ng & Company Limited**, certified public accountants, who retire and offer themselves for re-appointment.

On behalf of the Executive Committee



CHAN Hin Cheung
Chairman

Hong Kong, - 5 MAR 2021

INDEPENDENT AUDITOR'S REPORT

TO THE COMMITTEE MEMBERS OF CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED (incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Chinese Christian Literature Council Limited ("the Council") set out on pages 6 to 23, which comprise the statement of financial position as at 30 June 2020, and the statement of income and retained earnings and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Council as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE COMMITTEE MEMBERS OF CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED (incorporated in Hong Kong with limited liability)

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Committee members' Responsibility for the Financial Statements

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

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

The committee members are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

**TO THE COMMITTEE MEMBERS OF CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED
(incorporated in Hong Kong with limited liability)**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee members 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.

Leung Siu Fai, Auditor
Practising certificate number : P2737

Hong Kong, - 5 MAR 2021


K.Y. Ng & Company Limited
Certified Public Accountants

0094

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS (OPERATION) 營運收支表

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 HK\$	2019 HK\$
Revenue (營業額)	4	4,633,189	6,361,995
Cost of sales (銷貨成本)		<u>(2,188,613)</u>	<u>(2,252,818)</u>
Gross profit (毛利)		2,444,576	4,109,177
Other income (其他收入)	4	370,354	262,081
Operating expenses (營運費用)		<u>(8,418,137)</u>	<u>(8,248,475)</u>
Deficit for the year (本年虧損)	5	(5,603,207)	(3,877,217)
Retained deficits at beginning of year (年初虧損)		<u>(91,908,928)</u>	<u>(88,031,711)</u>
Retained deficits at end of year (年末虧損)		<u><u>(97,512,135)</u></u>	<u><u>(91,908,928)</u></u>

0095

The accompanying notes form an integral part of these financial statements.

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS (INVESTMENT) 非營運收支表

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 HK\$	2019 HK\$
Revenue (投資收入)	4	2,314,701	2,049,135
Investment expenses (投資費用)		<u>(5,154,729)</u>	<u>(1,843,810)</u>
(Deficit) / Surplus for the year (本年(虧損)/盈餘)	5	(2,840,028)	205,325
Total comprehensive (deficit) / surplus (本年全面(虧損)/盈餘)		(2,840,028)	205,325
Retained surplus at beginning of year (年初盈餘)		<u>140,235,438</u>	<u>140,030,113</u>
Retained surplus at end of year (年末盈餘)		<u><u>137,395,410</u></u>	<u><u>140,235,438</u></u>

The accompanying notes form an integral part of these financial statements.

0096

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

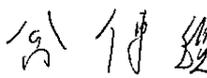
STATEMENT OF FINANCIAL POSITION 財務狀況表(資產負債表)

AS AT 30 JUNE 2020

	Note	2020 HK\$	2019 HK\$
ASSETS(資產)			
Non-current assets (非流動資產)			
Property, plant and equipment (物業及設備)	8	6,677,744	6,988,550
Investment properties (產業投資)	9	1,347,392	1,392,333
		8,025,136	8,380,883
Current assets (流動資產)			
Inventories (存貨)	10	1,907,907	2,383,794
Trade and other receivables (應收款)	11	1,241,745	1,774,504
Investment in financial assets (財務資產)	12	30,183,483	37,595,957
Cash and bank balances (現金及銀行存款)	13	1,451,603	496,433
		34,784,738	42,250,688
Current liabilities(流動負債)			
Trade and other payables (應付款)	14	1,996,243	1,846,035
Net current assets(流動資產淨額)		32,788,495	40,404,653
NET ASSETS(總資產淨額)		40,813,631	48,785,536
RESERVES(儲備)			
Designated grants (指定專款)		303,790	336,830
Revaluation reserve (財務資產估值儲備)		626,566	122,196
Retained surplus (累計盈餘)		39,883,275	48,326,510
TOTAL SURPLUS (所有盈餘)		40,813,631	48,785,536

Approved and authorised for issue by the Executive committee on - 5 MAR 2021


 CHAN Hin Cheung
 Chairman


 YUNG Chuen Hung
 Publisher


 YU Ying Ngok
 Honorary Treasurer

The accompanying notes form an integral part of these financial statements.

0097

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		HK\$	HK\$
Operating activities			
Deficit for the year		(8,443,235)	(3,671,892)
Adjustments for:			
Depreciation		374,476	385,582
Investment gain and interest from banks		(914,438)	(791,923)
Dividend income		(524,935)	(799,912)
Release of revaluation reserve upon disposal of available-for-sale financial		4,317,089	549,359
Loss on disposal of property, plant and equipment		11,852	78,000
(Gain) / Loss on available for derivate financial assets		(511,728)	500,377
		<u>(5,690,919)</u>	<u>(3,750,409)</u>
Operating deficits before working capital changes		(5,690,919)	(3,750,409)
Decrease / (Increase) in inventories		475,887	(371,398)
Decrease / (Increase) in trade and other receivables		532,759	(398,441)
Increase in trade and other payables		150,208	296,072
Decrease in net designated grants		(33,040)	(3,799)
		<u>(4,565,105)</u>	<u>(4,227,975)</u>
Net cash used in operating activities			
Investing activities			
Purchases of property, plant and equipment		(30,582)	(47,919)
Investment gain and interest from banks		914,438	791,923
Dividend received from financial assets		524,935	635,208
Purchase of financial assets		(9,558,977)	(164,705)
Sales proceeds from disposal of financial assets		13,670,461	2,260,325
		<u>5,520,275</u>	<u>3,474,832</u>
Net cash generated from investing activities			
Net increase / (decrease) in cash and cash equivalents			
		955,170	(753,143)
Cash and cash equivalents at beginning of the year			
		496,433	1,249,576
Cash and cash equivalents at the end of the year			
		<u>1,451,603</u>	<u>496,433</u>
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	13	<u>1,451,603</u>	<u>496,433</u>

The accompanying notes form an integral part of these financial statements.

0098

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2020

1. REPORTING ENTITY

Chinese Christian Literature Council Limited (the "Council") is a limited company incorporated in Hong Kong with registered office located at 14/F., Surson Commercial Building, 140-142 Austin Road, Kowloon, Hong Kong. During the year, the Council was involved in the principal activities of missionary work, particularly in publication.

The Council was incorporated under the Companies Ordinance and is limited by guarantee. Under the provision of the Institution's Memorandum of Association, every member shall in event of the Council being wound up, contribute to the assets of the Institution to an amount not exceeding the sum of HK\$10.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

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

(a) Functional and presentation currency

Items included in the financial statements are measured using currency of the primary economic environment in which the Council operates (the functional currency). These financial statements are presented in Hong Kong Dollars ("HK\$"), which is the Council's functional and the presentation currency.

(b) Property, plant and equipment

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

Depreciation is provided to write off the costs of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the reducing balance method, at the following rates per annum:

Land and building	: 2%
Reference library	: 15%
Renovation and fittings	: 15%
Furniture and fixtures	: 15%
Computer equipment	: 15%

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(b) Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in the statement of income and retained earnings in the year in which the item is derecognised.

(c) Investment property

Investment properties, being properties owned or held under finance leases to earn rentals, are stated in the statement of financial position at cost.

Depreciation is provided to write off the costs of items of investment property over their estimated useful lives and after taking into account of their estimated residual value, using the reducing balance method, at the following rates per annum:

Investment property : 2%

Gain or loss arising from the retirement or disposal of an investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

(d) Impairment of assets

At the end of the reporting period, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that accounting standard.

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(e) **Financial instruments**

Financial assets and financial liabilities are recognised on the statement of financial position when the Council becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) **Financial assets**

The Council's financial assets are classified into available-for-sale financial assets and loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through the statement of comprehensive income, loans and receivables or held-to-maturity investments. They are included in current assets, except for maturities greater than 12 months after the year end where these are classified as non-current assets. At each reporting date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(e) Financial instruments (continued)

(i) *Financial assets (continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. In determining whether there is any impairment for a portfolio of receivables, the Council considers past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and other observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(e) Financial instruments (continued)

(ii) *Financial liability*

Financial liabilities are issued by the Council are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

Other financial liabilities

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

(iii) *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Council has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss. If the Council retains substantially all the risks and rewards of ownership of a transferred asset, the Council continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(f) **Inventories**

Inventories are stated at cost on first-in first-out method less provision for obsolete and slow moving items calculated according to the age of the inventory as follows:

Year 1	10%	Year 4	70%
Year 2	30%	Year 5	90%
Year 3	50%	Year 6	100%

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(f) Inventories (continued)

Having regard to the high levels of inventory, such valuation may not have taken full account of general market consideration.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

(h) Trade payable

Trade payables are obligations in the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Hong Kong dollar using the exchange rate at the reporting date. Foreign currency gain or losses are recognised into the statement of income and retained earnings.

(i) Revenue recognition

Revenues are recognised when they are probable that the economic benefits will flow to the Council and when the revenue can be measured reliably, on the following bases:

- (i) Donation received is recognised when the cash is received;
- (ii) Rental income under operating lease is recognised on a straight line basis over the respective lease terms;
- (iii) Dividend income is recognised when the right to receive payment is established;
- (iv) Income from disposal of financial assets is recognised when the title has passed; and
- (v) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates application. Interest income is recognised using the effective interest method.

(j) Employee benefits obligations

The Council has joined the Occupational Retirement the Mandatory Provident Fund Scheme (the MPF Scheme) established under the Mandatory Provident Fund Ordinance. The Council contributes 5% of the relevant income of staff members under the MPF Scheme. The assets of the Scheme are held separately from those of the Council, in funds under the control of trustee.

(k) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(k) Leasing (continued)

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(l) Related parties

A party is considered to be related to the Council if:

(a) the party is a person or a close member of that person's family and that person:

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

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Council are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Council are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Council or an entity related to the Council;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of property and equipment

In accordance with Section 17 of HKFRS for PE, the Council estimates the useful lives of property and equipment to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The Council also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

4. REVENUE AND OTHER INCOME

An analysis of the Council's revenue and other income is as follows:

	Operation	Investment	2020	2019
	HK\$	HK\$	HK\$	HK\$
Revenue				
Investment gain and interest from banks		914,438	914,438	791,923
Rental receipts	-	363,600	363,600	457,300
Dividend income	-	524,935	524,935	799,912
Gain on disposal of financial assets	-	511,728	511,728	-
Sales	4,550,137	-	4,550,137	6,202,112
Publication service income	83,052	-	83,052	159,883
	<u>4,633,189</u>	<u>2,314,701</u>	<u>6,947,890</u>	<u>8,411,130</u>
Other income				
Contest application income	-	-	-	21,800
Donations	21,950	-	21,950	14,533
Difference on exchange	15	-	15	-
Interest income	156	-	156	164
Membership fee	-	-	-	16,500
Rental income	120,000	-	120,000	120,000
Royalty income	75,234	-	75,234	46,633
Seminar application income	-	-	-	35,810
Sundry income	152,999	-	152,999	6,641
	<u>370,354</u>	<u>-</u>	<u>370,354</u>	<u>262,081</u>
Total	<u>5,003,543</u>	<u>2,314,701</u>	<u>7,318,244</u>	<u>8,673,211</u>

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

5. DEFICITS FOR THE YEAR

	<u>Operation</u>	<u>Investment</u>	<u>2020</u>	<u>2019</u>
	HK\$	HK\$	HK\$	HK\$
Deficits for the year is arrived at after charging:				
Auditor's remuneration	28,500	-	28,500	29,700
Depreciation	102,762	271,714	374,476	385,582
Loss on assets disposals	11,852	-	11,852	8,092
Loss on available for derivative financial assets disposals	-	-	-	500,377
(Gain) / Loss on foreign exchange	(15)	-	(15)	11,332
Rental payment	514,096	-	514,096	564,131
Staff costs (excluding executive committees' remuneration - Note 6)	-	-	-	-
Salaries and allowances	6,434,314	278,141	6,712,455	6,413,341
Staff welfare	110,429	-	110,429	108,940
Staff quarter	324,000	-	324,000	230,313
Mandatory provident fund contributions	298,031	-	298,031	317,764

6. EXECUTIVE COMMITTEES' REMUNERATION

No executive committees' fees or emoluments were paid or accrued to any executive committee during the years ended 30 June 2020 and 2019.

7. TAXATION

No provision for Hong Kong profits tax has been made in these financial statements as the Council has been exempted from payment of tax under Section 88 of the Inland Revenue Ordinance.

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

8. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK\$	Reference library HK\$	Renovation and fittings HK\$	Furniture and fixtures HK\$	Computer equipment HK\$	Total HK\$
Cost:						
At 1 July 2019	11,321,317	14,315	4,037,807	822,011	282,775	16,478,225
Additions	-	-	-	10,388	20,194	30,582
Written down	-	-	-	(3,978)	(33,838)	(37,816)
At 30 June 2020	11,321,317	14,315	4,037,807	828,421	269,131	16,470,991
Accumulated depreciation and impairment loss:						
At 1 July 2019	5,017,847	13,489	3,666,748	615,340	176,251	9,489,675
Depreciation	226,772	124	55,659	31,001	15,979	329,535
Written off	-	-	-	(1,684)	(24,279)	(25,963)
At 30 June 2020	5,244,619	13,613	3,722,407	644,657	167,951	9,793,247
Net book value:						
At 30 June 2020	6,076,698	702	315,400	183,764	101,180	6,677,744
At 30 June 2019	6,303,470	826	371,059	206,671	106,524	6,988,550

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

9. INVESTMENT PROPERTIES

	Investment property HK\$	Total HK\$
Cost:		
At 1 July 2019 and 2020	2,264,369	2,264,369
Accumulated depreciation and impairment loss:		
At 1 July 2019	872,036	872,036
Depreciation	44,941	44,941
At 30 June 2020	916,977	916,977
Net book value:		
At 30 June 2020	1,347,392	1,347,392
At 30 June 2019	1,392,333	1,392,333

Investment property is situated in Hong Kong and held under medium-term lease.

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

10. INVENTORIES

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Finished goods	<u>1,907,907</u>	<u>2,383,794</u>

11. TRADE AND OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Trade receivables	1,031,555	1,471,317
Less: Provision for bad debts	<u>(5,000)</u>	<u>(5,000)</u>
	1,026,555	1,466,317
Other receivables	1,624	850
Deposits	175,867	167,167
Prepayment	<u>37,699</u>	<u>140,170</u>
	<u>1,241,745</u>	<u>1,774,504</u>

12. INVESTMENT IN FINANCIAL ASSETS

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Listed equity securities in Hong Kong, at fair value	<u>30,183,483</u>	<u>37,595,957</u>

Summary:

Investment - Listed HK Securities (Held in Hang Seng nominee account)

	Cost			Market value
	b/f	Add/(Sold)	c/f	2020
	HK\$	HK\$	HK\$	HK\$
CCB - H Share	178,753	-	178,753	151,985
Hongkong & China Gas Co Ltd	885,585	64,436	950,021	1,328,748
ICBC - H Share	441,869	-	441,869	200,079
HSBC	546,487	-	546,487	467,378
CKH Holdings	1,340,000	-	1,340,000	398,400
HKEX	<u>1,274,400</u>	<u>-</u>	<u>1,274,400</u>	<u>1,782,000</u>
	<u>4,667,094</u>	<u>64,436</u>	<u>4,731,530</u>	<u>4,328,590</u>

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

12. INVESTMENT IN FINANCIAL ASSETS (Continued)

Investment - UBS

	Cost			Market value
	b/f HK\$	Add/(Sold) HK\$	c/f HK\$	2020 HK\$
200,000 Standard Chartered Plc Spoon	1,594,646	(1,594,646)	-	-
Pimco Funds-Global Investors	2,790,000	-	2,790,000	4,706,476
China Communication Con. 40,000 shares	362,400	(362,400)	-	-
China Life Insurance 91,452 shares	2,451,611	(2,451,611)	-	-
ICBC 400,000 shares	1,991,050	(1,991,050)	-	-
UBS (Lux) Strategy SICAV	-	5,000,000	5,000,000	4,564,493
UBS Strategy Xtra	3,550,275	-	3,550,275	3,448,387
	<u>12,739,982</u>	<u>(1,399,707)</u>	<u>11,340,275</u>	<u>12,719,356</u>

Investment - Union Bancaire Privee

	Cost			Market value
	b/f HK\$	Add/(Sold) HK\$	c/f HK\$	2020 HK\$
HSBC Holdings PLC	5,200,870	-	5,200,870	2,558,037
USD Bond Greenland Global Investment Ltd	1,567,456	(1,567,456)	-	-
PIMCO Fund	1,907,428	780,000	2,687,428	2,619,081
UBAM-SICAV	1,896,231	780,000	2,676,231	2,323,986
Westwood GRP	1,582,035	-	1,582,035	1,589,009
GAM Star Funds	2,399,930	(2,399,930)	-	-
Blackrock Global Fund - Asian Growth	2,357,436	(2,357,436)	-	-
UBAM-SICAV Swiss	1,525,289	-	1,525,289	1,778,253
NN(L) SICAV- NN(L) Asian Debt	-	2,339,995	2,339,995	2,267,171
	<u>18,436,675</u>	<u>(2,424,827)</u>	<u>16,011,848</u>	<u>13,135,537</u>

CHINESE CHRISTIAN LITERATURE COUNCIL LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

13. CASH AND BANK BALANCES

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Cash and bank balances	<u>1,451,603</u>	<u>496,433</u>

14. TRADE AND OTHER PAYABLE

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Trade payables	326,680	617,220
Other payables and accruals	1,630,863	1,192,815
Rental deposits received	<u>38,700</u>	<u>36,000</u>
	<u>1,996,243</u>	<u>1,846,035</u>

15. OPERATING LEASE ARRANGEMENT

At 30 June 2020, the Company's total future minimum lease receipts under non-cancellable operating lease of land and buildings are payable as follows:

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Within one year	81,000	324,000
Within two to five years	<u>-</u>	<u>81,000</u>
	<u>81,000</u>	<u>405,000</u>

16. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with current year's presentation.

- End of Notes -