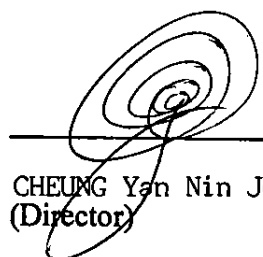


**611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(LIMITED BY GUARANTEE)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Certified True Copy



CHEUNG Yan Nin Joshua
(Director)



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611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

EXECUTIVE COMMITTEE'S REPORT

The executive committee presented the annual report and the audited financial statements of the Church for the year ended June 30, 2020.

PRINCIPAL ACTIVITIES

During the year, the Church is engaged in disseminating the gospel and organising training conference to aid Christian growth and church planting. The Church also has operated a kindergarten to provide pre-primary Christian education to infants.

BUSINESS REVIEW

611 Bread of Life Christian Church Limited ("the Church") which was formerly known as 611 Bread of Life Christian Church (Ling Leung World-Wide Evangelistic Mission) Limited, is a branch church of Bread of Life Christian Church of Taipei Ling Leung World Wide Evangelistic Mission (財團法人台北市中國基督教靈糧世界佈道會台北靈糧堂). The Church is duly incorporated as a company limited by guarantee under the company law of HKSAR, and has been granted with tax exemption under Section 88 of the Inland Revenue Ordinance in HKSAR.

For the past year, the Church has worked diligently on the areas of discipleship, evangelism, and overseas church planting.

1. Ministry Review

- A. This fiscal year was an extraordinary year full of challenges for the Church and the whole Hong Kong society. First impacted by the political turmoil related to the Anti-Extradition Law Movement in the second half of 2019, then exacerbated by the waves of pandemic outbreak taken place locally and globally, the Church has to cease its on-site services for much of time during the year. However, with God's abundant mercy and providence, the Church has advanced its media broadcasting team and equipment swiftly and turned most of its main services on-line to continue serving God and His people.
- B. All the main on-site worship services, for different age groups and language communities, including Sunday Adult, Saturday ANEW, Friday Night Young Adult, Saturday Harvest, Youth Church, Children Church, Sunday English, Filipino (Tagalog), Indonesia (Bahasa), and also the Daily Morning Devotion, have been conformed into high quality on-line services readily to be accessed via the Church's official website, YouTube, Facebook, WhatsApp and other social media platforms. Selective foundation courses, such as the Sower Courses and the New Believer Courses, and even Couples' Day Camp have been re-invented and carried out via on-line platforms with great acceptance. There are even new series of weekly video programs, such as "Following God" hosted by the Church's Senior Pastor Joshua Cheung, and "Mama's Kitchen" hosted by C-Mo, the Senior Pastor's wife Delphine, launched to spiritually lead and help Church members steering through the difficult times with even stronger faith in God.

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

EXECUTIVE COMMITTEE'S REPORT - CONTINUED

BUSINESS REVIEW - CONTINUED

- C. The various bible school classes held by Church's Leadership Institute has encountered tremendous operation difficulties, such as the teachers cannot travel to lecture classes held in the Malaysian and Taiwanese branch churches and many churches have been restricted from hosting classes on-site to comply with governments' social distancing order. However, God always turns great difficulties into even greater blessings. The Church integrates all bible schools among its branch churches into "one" on-line, real-time, multi-way-communication bible school program for its all branch churches located in different countries. Faculties have been strengthened. Many new courses have been invented. And most importantly, a record high number of students across 11 countries/areas and 33 churches have attended the bible school during the Pandemic. The God's Kingdom is ever expanding despite of the Pandemic.
 - D. The Church has devoted significant resources to replenish its co-worker team, software and hardware facilities, especially in the media related areas, to strengthen its capability to support its growing advance in media evangelism.
 - E. The main construction work of Yeung Ya Media Center has been completed and put into operation during the Pandemic. The Church expects to receive government's approval to start the inner stairs construction work, connecting the first floor and ground floor. Once this task completed, the Church will start to equip the main studio in G/F and put the whole media center into full running.
2. Financial Review
- A. Total Income of HK\$130.3 million is reported for the period, down from HK\$160.4 million. The Activities Income decreased by HK\$16.4 million mainly due to the higher revenue base inflated by the Carnival 100 related incomes and also the reduced activities to comply with social distancing requirements. Offerings Income decreased only moderately, down 10.68%, to HK\$116.2 million despite of the severe overall economic conditions in Hong Kong. It is especially gratefully for God's providence after considering the fact that the Church has been refrained from holding on-site services for extended periods of time during the year. Most of the offerings have to be received through on-line payment platforms which virtually are not used by the Church before the Pandemic.
 - B. 611 Tree of Life Kindergarten reported a narrower operating loss of HK\$1.7 million, improving by HK\$0.3 million from last year.

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

EXECUTIVE COMMITTEE'S REPORT - CONTINUED

BUSINESS REVIEW - CONTINUED

2. Financial Review - Continued

C. Operating Expenditures

- Total expenses were HK\$131.4 million, decreased by HK\$1.4 million from last year.
 - Salaries and Allowances increased moderately by HK\$2.0 million, or 4.53% to HK\$46.3 million. The Church has slightly increased its total staff number to support its growing ministries in new area, such as Media, and made some necessary salaries/allowances adjustments to cope with the rising living standards, especially the housing-related costs, in Hong Kong.
 - Depreciation increased by HK\$8.3 million to HK\$33.9 million mainly reflected the increased depreciation from: the construction cost of Young Ya Media Center, the purchase cost of Po Yip Warehouse and significant procurement expenses for media-related equipment.
 - Planting Expenditure increased by HK\$5.2 million to HK\$10.4 million mainly driven from the increased expenses related to the establishment of the new branch church, Wonderful 611 Bread of Life Christian Church Limited, in Hung Hom of Hong Kong.
 - Missionary expenses doubled from last year to HK\$1.6 million as the Church increased its supports to the Church of the Nazarene and the Progressive Vision International.
 - Rent expenses decreased by HK\$1.5 million from last year to HK\$7.4 million.
 - Food and Messing expenses decreased by HK\$1.2 million to HK\$0.3 million.
- D. The Church reported a marginal surplus of HK\$0.6 million on its own account and a small deficit of HK\$1.1 million on the consolidated basis after including the operating loss of 611 Tree of Life Kindergarten.

3. Working Environment

- A. As an employer, the Church, concerns the relationship of the staffs in different departments. The Senior Pastor always provides recreation, refreshing activities and a better working environment to the staffs to build up their relationship and to share their experiences.
- B. Senior Pastors devote strongly to the fabricate family-like relationship among co-workers. The Church has been Thursday Breakfast Family Gathering on a weekly basis for co-workers to share life stories and to cheer each other, and to be nurtured by Tree of Life teaching from the Senior Pastors.

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

EXECUTIVE COMMITTEE'S REPORT - CONTINUED

BUSINESS REVIEW - CONTINUED

4. Outlook for Fiscal Year 2021

- A. Congregation exceeds 10,000
- B. The Kindergarten has received approval from the HKSAR Government for establishing a nursery section operating in parallel with the Kindergarten. We expect the operating results of 611 Tree of Life Kindergarten will improve significantly as both the Kindergarten and nursery section steadily grow their number of students to makes full use of the well-equipped school facilities. Along with the improving operation, the depreciation expenses are expected to reduced significantly which should strengthen the school overall financial position.
- C. New branch churches are expected to be planted mainly in Hong Kong and Taiwan within the coming two years.

RESULTS

The result of the Church for the year ended June 30, 2020 and the state of the Church's affairs at that date are set out in the financial statements on pages 9 to 26.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 4 to the financial statements.

DONATIONS

During the year, the Church made charitable and other donations totaling HK\$300,000.

EXECUTIVE COMMITTEE

The executive committee members of the Church during the year and up to the date of this report were:

Cheung Yan Nin, Joshua	
Chi Jung Chen	
Hung Kam Wah	
Tam Hong Wing	
Wan Chi Nga	
Kwok Lai Ling Annie	(Date of appointment: March 29, 2020)
Wang Chien Sheng	(Date of appointment: March 29, 2020)
Yuen Li Yee	(Date of appointment: March 29, 2020)
Cheung Yun Ning Elaine	(Date of cessation: March 29, 2020)
Ho Chang Chun	(Date of cessation: March 29, 2020)
Lo Chak Man	(Date of cessation: March 29, 2020)

In accordance with Article 28, except for the permanent member of the Executive Committee, each member of such Committee shall hold office for two years but shall be eligible for re-election.

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

EXECUTIVE COMMITTEE'S REPORT - CONTINUED

EXECUTIVE COMMITTEE'S INTERESTS IN CONTRACTS

Save as the transactions disclosed in notes 14 and 18 to the financial statements for which the executive committee members have beneficial interests, no other contracts of significance in relation to the Church's business to which the Church was a party, and in which any executive committee members of the Church had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Church a party to any arrangement to enable the executive committee of the Church to acquire benefits by means of the acquisition of shares in or debentures of the Church or its associated corporations.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year.


INDEMNITY OF EXECUTIVE COMMITTEE MEMBERS

No permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the executive committee members of the Church has been entered into by the Church.

AUDITORS

A resolution will be submitted to the annual general meeting of the Church to re-appoint Messrs. Ng, Suen, Lau C.P.A. Limited.

On behalf of the Board



Cheung Yan Nin, Joshua
Hong Kong, 23 FEB 2021

INDEPENDENT AUDITOR'S REPORT

To the members of
611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of 611 Bread of Life Christian Church Limited (the "Church") set out on pages 9 to 26, which comprise the statement of financial position as at June 30, 2020, and the statement of comprehensive income, statement of changes in accumulated funds 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 Church as at June 30, 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 Church in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The executive committee is responsible for the other information. The other information comprises the information included in the executive committee's 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.

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

INDEPENDENT AUDITOR'S REPORT - CONTINUED

To the members of
611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Incorporated in Hong Kong with liability limited by guarantee)

Responsibilities of Executive Committee and Those Charged with Governance for the Financial Statements

The executive committee is responsible for the preparation of 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 executive committee determines 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 executive committee is responsible for assessing the Church's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive committee either intends to liquidate the Church or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

To the members of
611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Incorporated in Hong Kong with liability limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee.
- Conclude on the appropriateness of the executive committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Church's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Church to cease to continue as a going concern.
- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ng, Suen, Lau C.P.A. Limited
Certified Public Accountants (Practising)

Hong Kong, **23 FEB 2021**

Ng Sau Wa, Sylvia
Practising Certificate Number: P01895

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Non-current asset			
Property, plant and equipment	4	313,811,751	287,229,313
Current assets			
Inventories	5	40,295	79,135
Financial instruments	6	3,833,421	2,091,375
Other receivables		2,032,310	2,076,629
Deposits and prepayments		5,443,112	9,683,916
Bank balances and cash		59,998,668	48,692,477
		<u>71,347,806</u>	<u>62,623,532</u>
Total assets		<u>385,159,557</u>	<u>349,852,845</u>

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION - CONTINUED

AS AT JUNE 30, 2020

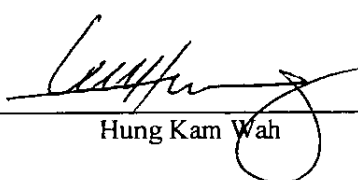
(Expressed in Hong Kong Dollars)

		<u>2020</u>	<u>2019</u>
LIABILITIES AND EQUITY			
Current liabilities			
Other payables		2,945,131	1,623,354
Receipt in advance		3,555,130	419,025
Deferred income	7	172,299	113,070
Loan from members	8	14,821,000	17,530,000
Mortgage loans	9	170,426,202	135,838,598
Total liabilities		<u>191,919,762</u>	<u>155,524,047</u>
Equity			
Reserves and funds		<u>193,239,795</u>	<u>194,328,798</u>
Total liabilities and equity		<u><u>385,159,557</u></u>	<u><u>349,852,845</u></u>

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

Approved on behalf of the Executive Committee by:



Cheung Yan Nin, Joshua

Hung Kam Wah

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Revenue			
Offerings	10	116,238,744	130,141,319
Other revenue			
School fees		3,308,860	2,772,401
Course fee income		2,611,170	3,994,450
Activities income		4,109,410	20,503,344
Consignment fee income		522,101	326,140
Dividend income		78,724	118,121
Gain on trading operation	11	-	47,247
Rental income		1,245,643	1,302,395
Bank interest income		78,550	106,058
Exchange gain		-	416,038
Realised gain on securities		69,330	-
Rental subsidy		454,960	402,130
Reimbursement of rates		76,980	156,960
Special grant		-	2,800
Special anti-epidemic grant		128,000	-
Subsidy under Employment Support Scheme		1,353,350	-
Sundry income		30,142	75,579
		<u>130,305,964</u>	<u>160,364,982</u>
Administrative expense		(127,307,164)	(129,288,804)
Finance costs	12	(4,087,803)	(3,528,767)
(Deficit)/surplus and total comprehensive income for the year	13	<u>(1,089,003)</u>	<u>27,547,411</u>

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

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

	<u>General fund</u>	<u>TOL fund</u>	<u>Total</u>
As at 01.07.2018	176,269,421	(9,488,034)	166,781,387
Surplus for the year	31,015,475	(3,468,064)	27,547,411
As at 30.06.2019 and 01.07.2019	207,284,896	(12,956,098)	194,328,798
Deficit for the year	77,312	(1,166,315)	(1,089,003)
As at 30.06.2020	<u>207,362,208</u>	<u>(14,122,413)</u>	<u>193,239,795</u>

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Cash receipts from donors	116,238,744	130,141,319
Cash receipts from other income	8,992,190	13,515,761
Cash receipts from students	237,640	-
Subsidies and grants received from government	7,850,439	3,212,161
Cash paid to staff and suppliers	(88,788,800)	(100,165,660)
Net cash generated from operating activities	<u>44,530,213</u>	<u>46,703,581</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(61,241,427)	(63,829,771)
Dividend income	78,724	118,121
Realised gain/(loss) on securities	69,330	(4,554)
Interest received	78,550	106,058
Net cash used in investing activities	<u>(61,014,823)</u>	<u>(63,610,146)</u>
Cash flows from financing activities		
Mortgage loan received from bank	46,250,000	17,500,000
Mortgage loan interest paid	(4,087,803)	(3,528,767)
Repayment of bank loan	(11,662,396)	(9,569,554)
Repayment of members	(2,709,000)	(1,938,948)
Net cash generated from financing activities	<u>27,790,801</u>	<u>2,462,731</u>
Net increase/(decrease) in cash and cash equivalents	<u>11,306,191</u>	<u>(14,443,834)</u>
Cash and cash equivalents at beginning of the year	<u>48,692,477</u>	<u>63,136,311</u>
Cash and cash equivalents at end of the year	<u>59,998,668</u>	<u>48,692,477</u>
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	<u>59,998,668</u>	<u>48,692,477</u>

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

1. GENERAL

The Church was incorporated under the Hong Kong Companies Ordinance on February 5, 2007 as a company limited by guarantees and not having a share capital. The liability of each member is limited to the extent of HK\$100. The address of registered office of the Church is Shop on 1st Floor of Podium A, Wealthy Garden, 12-28 Tsuen Fu Street, 36-48 Tsuen Wan Street, 1-27 Tsuen Kwai Street, Tsuen Wan, New Territories, Hong Kong.

The principal activities of the Church are disseminating the gospel and organising training conference to aid Christian growth and church planting. The Church also has operated a kindergarten to provide pre-primary Christian education to infants.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance. They have been prepared using the historical cost convention except for financial instruments, which are stated at fair value (see note 2d).

a. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Leasehold land	Over the remaining lease term
Buildings	Over the remaining lease term or 50 years, whichever is shorter
Leasehold improvement	20%
Furniture	20%
Church equipment	20%
Office equipment	20%
Computers	20%
Motor vehicles	20%
School premises	10% - 20%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - Continued

b. Inventories

Inventories represent exercise books, school bags and uniforms, which are stated at the lower of cost and net realisable value. Cost is direct materials and calculated using the first in first out method. Net realisable value represents the estimated selling price less direct selling costs.

c. Impairment of assets

At each reporting date, property, plant and equipment is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

d. Financial instruments

Financial instruments are recognised and derecognised on the trade date when the Church commits itself to purchase or sell an asset and are initially measured at fair value and the fair value is re-measured at each year end date. Gain or loss on the fair value changes are recognised in profit and loss.

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - Continued

e. Other receivables

Other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any.

f. 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. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

g. Other payables

Other payables is initially measured at fair value and, after initial recognition at amortised cost, except for short-term payments with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

h. Interest-bearing borrowings

Interest-bearing borrowings, mainly bank loans and overdrafts, are measured initially at fair value less transaction costs and, after initial recognition, at amortised cost, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

i. Revenue recognition

Offerings are recognised as income upon actual receipt of money.

School fees are recognised when lessons are provided.

Course fee income and activities income are recognised when the services are rendered.

Extra-curricular activities income is recognised when activities held.

Consignment fee income is recognised when the customer has accepted the goods together with the risks and rewards of ownership of the goods.

Dividend income is recognised when the shareholder's right to receive payment is established.

611 BREAD OF LIFE CHRISTIAN CHURCH LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - Continued

i. Revenue recognition - Continued

Sales of books, school bags and uniforms are recognised when the goods are sold.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the user's benefit.

Interest income from bank deposits is accrued on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

Government grants are recognised as income over the periods to match with the related costs which the grants are intended to compensate. Grant related to assets is deducted in arriving the carrying amount of the asset and the grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge. Grant related to income is recognised as income in the profit or loss.

j. Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

k. Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

l. Foreign currency translation

(a) Functional and presentation currency

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - Continued

l. Foreign currency translation - Continued

(b) Transactions and balances

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

m. Related parties

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - Continued

m. Related parties - Continued

- (b) An entity is related to the Church if any of the following conditions applies:
- (i) The entity and the Church are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Church or an entity related to the Church.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Church or to the Church's parent.

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.

n. Employee benefits

Pension scheme:

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.

The Church operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as the Church become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Church in an independently administrated trust fund. The Church's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT

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

Useful lives of property, plant and equipment

The executive committee determines the estimated useful lives and related depreciation for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less selling expenses. These estimates are based on the current market conditions and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycles. Management will reassess the estimates by the year end date.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	<u>Leasehold land and buildings</u>	<u>Leasehold improvement</u>	<u>Furniture</u>	<u>Church equipment</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Motor vehicles</u>	<u>School premises</u>	<u>Total</u>
As at 01.07.2019	317,511,931	156,766,659	3,333,023	43,144,401	7,342,544	6,193,628	1,133,295	8,793,330	544,218,811
Additions	14,422,795	35,479,303	-	9,569,128	372,790	1,206,031	191,380	-	61,241,427
Disposals	-	(43,680)	(569,644)	(11,951,927)	(1,428,587)	(2,038,160)	-	-	(16,031,998)
As at 30.06.2020	331,934,726	192,202,282	2,763,379	40,761,602	6,286,747	5,361,499	1,324,675	8,793,330	589,428,240
<u>Accumulated depreciation</u>									
As at 01.07.2019	61,720,292	135,957,492	2,968,005	38,152,363	6,417,077	4,606,745	950,035	6,217,489	256,989,498
Charge for the year	10,321,429	17,439,695	326,541	4,506,078	380,385	850,786	84,091	-	33,909,005
Eliminated on disposals	-	(43,680)	(569,644)	(11,295,472)	(1,428,587)	(1,944,631)	-	-	(15,282,014)
As at 30.06.2020	72,041,721	153,353,507	2,724,902	31,362,969	5,368,875	3,512,900	1,034,126	6,217,489	275,616,489
<u>Carrying amount</u>									
As at 30.06.2020	259,893,005	38,848,775	38,477	9,398,633	917,872	1,848,599	290,549	2,575,841	313,811,751

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

5.	<u>INVENTORIES</u>	<u>2020</u>	<u>2019</u>
	Goods for resales	<u>40,295</u>	<u>79,135</u>
6.	<u>FINANCIAL INSTRUMENTS</u>	<u>2020</u>	<u>2019</u>
	At fair value:		
	Collective investment schemes		
	- listed outside Hong Kong	<u>2,425,923</u>	<u>1,314,497</u>
	Equity securities		
	- listed in Hong Kong	1,212,000	572,920
	- listed outside Hong Kong	<u>195,498</u>	<u>203,958</u>
		<u>1,407,498</u>	<u>776,878</u>
		<u>3,833,421</u>	<u>2,091,375</u>

The fair value is determined by reference to market value of the active markets at the year end date.

7.	<u>DEFERRED INCOME</u>	<u>2020</u>	<u>2019</u>
	Support to non-Chinese speaking students	104,373	-
	Promotion of reading grant	7,254	-
	Special anti-epidemic grant	60,400	-
	One-off start-up grant	272	113,070
		<u>172,299</u>	<u>113,070</u>

8. LOAN FROM MEMBERS

The amount is unsecured, interest free and repayable on demand.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

9. <u>MORTGAGE LOANS</u>	<u>2020</u>	<u>2019</u>
Mortgage loans	170,426,202	135,838,598

The mortgage loans are secured by the Church's leasehold land and buildings, bearing interest at prevailing market interest rate and repayable by monthly installments.

10. <u>OFFERINGS</u>	<u>2020</u>	<u>2019</u>
Tithe offering	69,786,655	74,471,206
Thanks offering	6,613,201	10,950,559
Building offering	-	37,600
Missionary fund offering	251,329	6,267,692
Healing centre offering	139,484	256,476
Charity fund offering	484,056	731,625
611 leadership institute fund offering	164,820	165,050
Church planting fund offering	455,293	810,254
Education offering	225,013	306,104
Special offering	562,527	1,108,496
General offering	4,644,048	5,895,236
Sunday offering	5,941,144	7,922,691
Church building fund offering	26,971,174	21,218,330
	<u>116,238,744</u>	<u>130,141,319</u>

11. <u>(LOSS)/GAIN ON TRADING OPERATION</u>	<u>2020</u>	<u>2019</u>
Sales	71,247	96,360
Activities income	38,164	35,700
	<u>109,411</u>	<u>132,060</u>
Cost of sales	84,960	51,150
Activities expenses	32,148	33,663
	<u>117,108</u>	<u>84,813</u>
(Deficit)/surplus from trading operation	<u>(7,697)</u>	<u>47,247</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Hong Kong Dollars)

12. <u>FINANCE COSTS</u>	<u>2020</u>	<u>2019</u>
Mortgage loan interest	<u>4,087,803</u>	<u>3,528,767</u>

13. (DEFICIT)/SURPLUS FOR THE YEAR

The following items have been recognised as expenses in determining (deficit)/surplus for the year:

	<u>2020</u>	<u>2019</u>
Auditors' remuneration		
- Current year	51,500	39,000
- Under-provision in prior year	-	3,000
	<u>51,500</u>	<u>42,000</u>
Depreciation	33,909,005	25,602,376
Exchange loss	16,717	-
Loss on disposal of property, plant and equipment	749,984	22,332
Operating lease rental paid in respect of premises	7,387,005	8,930,535
Staff costs (including directors' remuneration)		
- Salaries, wages and other benefits	47,514,901	45,113,461
- Mandatory provident fund contribution	1,970,030	2,030,289
Unrealised loss on securities	<u>53,733</u>	<u>33,007</u>

14. SALARIES AND ALLOWANCE

Included in the salaries and allowance was remunerations paid to pastors who were also appointed as executive committee members. The salaries and allowance were paid for their services as pastors and not for their appointment to be executive committee members. The amount of executive committee members' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

	<u>2020</u>	<u>2019</u>
Directors' fee	-	-
Other emoluments	1,364,736	1,339,746
Contributions to defined contribution plan	33,135	33,335
	<u>1,397,871</u>	<u>1,373,081</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Expressed in Hong Kong Dollars)

15. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements, as the Church is a charitable institution under Section 88 of Inland Revenue Ordinance (Chapter 112) and is exempted from taxes levied under this Ordinance.

16. PLEDGE OF ASSETS

The Church has pledged its leasehold land and buildings having carrying amount of approximately \$219 million (2019: \$199 million) to bankers to secure for general banking facilities granted to the Church.

17. LEASE COMMITMENTS

At the year end date, the Church had outstanding commitments under non-cancellable operation leases in respect of rented premises. The total commitments to be payable are as follows:

	<u>2020</u>	<u>2019</u>
Within one year	6,051,150	7,481,042
In the second to fifth years inclusive	2,390,000	5,089,300
	<u>8,441,150</u>	<u>12,570,342</u>

18. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Church had the following material related parties transactions during the year:

<u>Nature of transaction</u>	<u>2020</u>	<u>2019</u>
Salary and allowance to spouses of the executive committee members	1,011,581	1,058,322
Mandatory provident fund contribution in relation to spouses of the executive committee members	33,290	33,935
Planting expenditure to a related company	4,960,994	-
	<u>4,960,994</u>	<u>-</u>

Note:

- (i) The executive member, Hung Kam Wah, has controls in the related company.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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19. EVENTS AFTER THE END OF THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been implemented by countries worldwide and have affected global businesses and economic activities to some extent. Accordingly, the assessment of the recoverability of the Church’s assets carrying amounts are based on conditions existing as at June 30, 2020 and does not include the effects from the COVID-19 outbreak after June 30, 2020.

Given the macro-economic uncertainties experienced after the reporting period, developments in the COVID-19 outbreak could affect the Church’s earnings, cash flows and financial conditions in the next financial period. The extent of the impact cannot be determined at this juncture.

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved and authorised to issue by the Executive Committee on

23 FEB 2021
