

AMAZING GRACE CHRISTIAN CHURCH LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2021



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AMAZING GRACE CHRISTIAN CHURCH LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

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AMAZING GRACE CHRISTIAN CHURCH LIMITED

REPORT OF THE CHURCH COUNCIL

The church council has pleasure in submitting this report and the audited financial statements for the year ended March 31, 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Church are to preach the Gospel, to lead people to the Lord, to worship God, to nurture believers to grow towards abundant life and practise biblical truth, to glorify God.

THE STATE OF THE CHURCH'S AFFAIRS AND APPROPRIATIONS

The state of the Church's affairs as at March 31, 2021 are set out in the financial statements on pages 4 to 10.

CHURCH COUNCIL MEMBERS

The church council members consist of pastors, preachers, elders and deacons. The Church has not appointed any elder since incorporation. The directors of the Church during the year and up to the date of this report were:

CHUNG Po Sen Cherry
LAI Wai Kwong
CHAN Tsz Kin
CHIA Man Fai
LAU Pui Yan Vicky
LEUNG Chi On
SIU Ka Wai
YIU Kai Keung
LEUNG Chi Yan (Resigned on May 20, 2021)
LIU Sun Wah (Resigned on January 1, 2021)

Pursuant to Article 5.3 of the Church's articles of association, the term of office of a deacon is two years. Accordingly, all deacons continue in office except LAU Pui Yan Vicky, SIU Ka Wai, CHIA Man Fai and YIU Kai Keung shall retire at the upcoming annual general meeting and, being eligible, offer themselves for re-election.

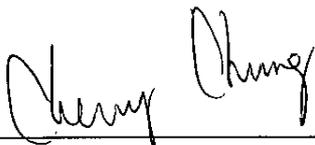
MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Church were entered into or existed during the year.

AUDITORS

The financial statements have been audited by Alfred Ho & Co. who retire and, being eligible, offer themselves for re-appointment.

For and on behalf of the Church Council



CHUNG Po Sen Cherry
Chairman

Hong Kong, September 9, 2021

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何祐康： 香港會計師公會及稅務學會資深會員
註冊稅務師、加拿大特許會計師

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Alfred Ho: Fellow of HKICPA & TIHK
CTA, CPA (Canada) & CA

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AMAZING GRACE CHRISTIAN CHURCH LIMITED**
(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of Amazing Grace Christian Church Limited (the "Church") set out on pages 4 to 10, which comprise the statement of financial position as at March 31, 2021, and the statement of income and expenditures for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Church are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard (the "SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants (the "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") and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Church in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The church council members are responsible for the other information. The other information comprises the information included in Report of the Church Council, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Church Council Members and Those Charged with Governance for the Financial Statements

The church council members are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the church council 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 church council members are responsible for assessing the Church's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the church council members either intend to liquidate the Church or to cease operations, or have no realistic alternative but to do so. 0126

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AMAZING GRACE CHRISTIAN CHURCH LIMITED**
(Incorporated in Hong Kong with liability limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report will be 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 our report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Alfred Ho & Co.
Certified Public Accountants

Hong Kong, September 9, 2021

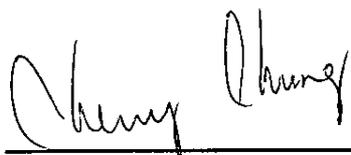
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AMAZING GRACE CHRISTIAN CHURCH LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021**

	Note	2021 HK\$	2020 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	2	<u>11,749,948</u>	<u>12,133,009</u>
CURRENT ASSETS			
Deposits & prepayments		92,584	62,314
Time deposit (Longer than 3 months)		1,538,373	304,982
Cash and bank balances		1,561,800	1,978,419
		<u>3,192,757</u>	<u>2,345,715</u>
CURRENT LIABILITIES			
Loans from members	3	60,000	90,000
Mortgage loans	4	5,649,414	5,868,409
Accruals		15,200	11,500
		<u>5,724,614</u>	<u>5,969,909</u>
NET CURRENT LIABILITIES		<u>(2,531,857)</u>	<u>(3,624,194)</u>
NET ASSETS		<u>9,218,091</u>	<u>8,508,815</u>
REPRESENTING			
General fund	5	8,333,376	7,820,164
Building fund	5	12,300	7,100
Theological fund	5	133,090	116,390
Benevolent fund	5	210,908	210,488
Education fund	5	8,420	8,420
Missionary fund	5	519,997	346,253
		<u>9,218,091</u>	<u>8,508,815</u>

Approved by the Church Council on September 9, 2021,



 CHUNG Po Sen Cherry
 Chairman



 CHAN Tsz Kin
 Treasurer

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The notes on pages 6 to 10 form an integral part of these financial statements.

AMAZING GRACE CHRISTIAN CHURCH LIMITED

**STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2021**

	Note	2021			2020		
		General Fund HK\$	Other Funds HK\$ (Note 6)	Total HK\$	General Fund HK\$	Other Funds HK\$ (Note 6)	Total HK\$
Income							
Offering income		2,144,338	318,620	2,462,958	2,171,481	142,349	2,313,830
Other income		213,013	-	213,013	2,601	-	2,601
Interest income		11,238	-	11,238	11,587	-	11,587
		<u>2,368,589</u>	<u>318,620</u>	<u>2,687,209</u>	<u>2,185,669</u>	<u>142,349</u>	<u>2,328,018</u>
Expenditures							
Personnel expenses		987,595	-	987,595	1,178,897	-	1,178,897
Ministry expenses		244,068	122,556	366,624	278,684	54,000	332,684
Admin. expenses		511,587	-	511,587	612,065	-	612,065
Finance expenses	7	112,127	-	112,127	134,008	-	134,008
		<u>1,855,377</u>	<u>122,556</u>	<u>1,977,933</u>	<u>2,203,654</u>	<u>54,000</u>	<u>2,257,654</u>
Net surplus / (deficit) for the year	8	<u>513,212</u>	<u>196,064</u>	<u>709,276</u>	<u>(17,985)</u>	<u>88,349</u>	<u>70,364</u>

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The notes on pages 6 to 10 form an integral part of these financial statements.

AMAZING GRACE CHRISTIAN CHURCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

REPORTING ENTITY

Amazing Grace Christian Church Limited (the "Church"), a company incorporated in Hong Kong with liability limited by guarantee, is a registered charitable institution. The income and property of the Church, wheresoever derived, is applied solely towards the promotion of the objects set out in the Church's memorandum of association. The Church's funds are not distributable to the church council members or members of the Church. Pursuant to Section 5.2 of the Church's memorandum of association, every member of the Church shall in the event of the Church being wound up, contribute to the assets of the Church to an amount not exceeding the sum of HK\$10.

The principal activities of the Church are to preach the Gospel, to lead people to the Lord, to worship God, to nurture believers to grow towards abundant life and practise biblical truth, to glorify God.

The registered office of the Church is located at Unit 601-602, 6/F., Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

At March 31, 2021, the Church has a net current liability of HK\$2,531,857. If the non-current portion of the secured bank loan is taken off, the Church has a net current asset of HK\$2,890,137. Accordingly, the Church Council prepares the financial statements on a going concern basis.

The Church qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (the "SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

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

The measurement base adopted is the historical cost convention.

The reporting currency of the Church is Hong Kong Dollars, which is the currency of the primary economic environment in which the Church operates.

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

(a) Property, plant and equipment

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

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Leasehold land held for own use under a finance lease	Over the lease terms
Building held for own use	Over the lease terms
Leasehold improvements	10%
Furniture, fixtures & equipment	33 1/3%
Musical equipment	20%

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AMAZING GRACE CHRISTIAN CHURCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(b) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the statement of income and expenditures. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognized for the asset in prior years.

(c) Bank and other borrowings

Bank and other borrowings, comprising mainly bank loan and overdraft, are recognized at the transaction price net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial assets or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Bank and other borrowings are classified as current liabilities unless the Church has an unconditional right to defer settlement of the liability for at least twelve months after the end of the report period.

(d) Recognition of income

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

- i) Offering is recognized on a cash basis;
- ii) Interest income is recognized on a time proportionate basis, taking into account the principal amounts outstanding and the interest rates applicable; and
- iii) Other income is recognized mainly on an accrual basis.

(e) Borrowing costs

All borrowing costs are recognized as an expense in the period in which they are incurred.

(f) Foreign exchange

The reporting currency of the Church is Hong Kong Dollars, which is the currency of the primary economic environment in which the Church operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognized in the statement of income and expenditures.

(g) Employee benefits

Retirement benefit costs

The Church operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (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' basic salaries and are charged to the statement of income and expenditures as they become payable in accordance with the rules of the MPF Scheme. The Church's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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AMAZING GRACE CHRISTIAN CHURCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

2. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land held for own use under a finance lease HK\$	Building held for own use HK\$	Leasehold improvements HK\$	Furniture, fixtures & equipment HK\$	Musical equipment HK\$	Total HK\$
<u>Cost</u>						
At March 31, 2020	9,578,499	5,808,739	474,653	27,250	107,600	15,996,741
Additions	-	-	-	-	-	-
At March 31, 2021	<u>9,578,499</u>	<u>5,808,739</u>	<u>474,653</u>	<u>27,250</u>	<u>107,600</u>	<u>15,996,741</u>
<u>Accumulated depreciation</u>						
At March 31, 2020	2,074,724	1,261,284	457,434	27,250	43,040	3,863,732
Charge for the year	214,394	129,928	17,219	-	21,520	383,061
At March 31, 2021	<u>2,289,118</u>	<u>1,391,212</u>	<u>474,653</u>	<u>27,250</u>	<u>64,560</u>	<u>4,246,793</u>
<u>Net carrying amount</u>						
At March 31, 2021	<u>7,289,381</u>	<u>4,417,527</u>	<u>-</u>	<u>-</u>	<u>43,040</u>	<u>11,749,948</u>
At March 31, 2020	<u>7,503,775</u>	<u>4,547,455</u>	<u>17,219</u>	<u>-</u>	<u>64,560</u>	<u>12,133,009</u>

The land and buildings were pledged to secure bank loans granted to the Church.

3. LOANS FROM MEMBERS

The loans from members are unsecured, interest free and have no fixed terms of repayment.

4. MORTGAGE LOANS

	2021 HK\$	2020 HK\$
The maturity of mortgage loans are as follows:		
Within one year	227,420	213,956
After one year	5,421,994	5,654,453
	<u>5,649,414</u>	<u>5,868,409</u>

The above bank loans have been secured against the Church's leasehold land and buildings and are personal guaranteed by members of the Church. As the bank has the right to recall the loans at any time, the above secured bank loans have been classified as current liability.

AMAZING GRACE CHRISTIAN CHURCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

5. CHANGES IN FUND BALANCES

	General Fund HK\$	Building Fund HK\$	Theological Fund HK\$	Benevolent Fund HK\$	Education Fund HK\$	Missionary Fund HK\$	Total HK\$
Balance at 31/3/2020	7,820,164	7,100	116,390	210,488	8,420	346,253	8,508,815
Net surplus/(deficit) for the year ended 31/3/2021	513,212	5,200	16,700	420	-	173,744	709,276
Fund transfer	-	-	-	-	-	-	-
Balance at 31/3/2021	<u>8,333,376</u>	<u>12,300</u>	<u>133,090</u>	<u>210,908</u>	<u>8,420</u>	<u>519,997</u>	<u>9,218,091</u>

6. INCOME AND EXPENDITURES - OTHER FUNDS

For the year ended March 31, 2021

	Building Fund HK\$	Theological Fund HK\$	Benevolent Fund HK\$	Education Fund HK\$	Missionary Fund HK\$	Total HK\$
Offering income	5,200	16,700	16,520	-	280,200	318,620
Interest income	-	-	-	-	-	-
Ministry expenses	-	-	(16,100)	-	(106,456)	(122,556)
Admin. expenses	-	-	-	-	-	-
Finance expenses	-	-	-	-	-	-
Net surplus / (deficit)	<u>5,200</u>	<u>16,700</u>	<u>420</u>	<u>-</u>	<u>173,744</u>	<u>196,064</u>

For the year ended March 31, 2020

	Building Fund HK\$	Theological Fund HK\$	Benevolent Fund HK\$	Education Fund HK\$	Missionary Fund HK\$	Total HK\$
Offering income	7,100	27,600	20,989	-	86,660	142,349
Interest income	-	-	-	-	-	-
Ministry expenses	-	-	(12,000)	-	(42,000)	(54,000)
Admin. expenses	-	-	-	-	-	-
Finance expenses	-	-	-	-	-	-
Net surplus / (deficit)	<u>7,100</u>	<u>27,600</u>	<u>8,989</u>	<u>-</u>	<u>44,660</u>	<u>88,349</u>

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AMAZING GRACE CHRISTIAN CHURCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

7. FINANCE EXPENSES

	2021 HK\$	2020 HK\$
Mortgage loan interest	<u>112,127</u>	<u>134,008</u>

8. NET SURPLUS / (DEFICIT) FOR THE YEAR

Net surplus / (deficit) for the year is arrived at:

	2021 HK\$	2020 HK\$
<u>After crediting the following items:</u>		
Exchange gain, net	41,367	-
Grant income - Employment support scheme	157,272	-
Interest income	11,238	11,587
<u>After charging the following items:</u>		
Depreciation	383,061	413,307
Exchange loss, net	-	33,186
Key management personnel's remuneration	856,416	936,255
Other staff costs	<u>131,179</u>	<u>242,642</u>

9. CHURCH COUNCIL MEMBERS' REMUNERATIONS

The church council members' emoluments disclosed pursuant to section 383(1) of the Companies Ordinance (Cap. 622) is as follows:

	2021 HK\$	2020 HK\$
Other remuneration		
- Salaries	820,416	898,755
- MPF	36,000	37,500
	<u>856,416</u>	<u>936,255</u>

10. TAXATION

The Church, being a registered charitable institution, is exempted from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance.