

TAI KOK TSUI BAPTIST CHURCH

(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

梁嘉培會計師事務所

LEUNG KAR PUI & CO.

Certified Public Accountants

Hong Kong

TAI KOK TSUI BAPTIST CHURCH
(Incorporated in Hong Kong and limited by guarantee)
REPORT OF THE CHURCH COMMITTEE

The church committee members have pleasure in submitting their report and financial statements of the church for the year ended 31 December 2021.

Principal activities

The principal activities of the church are to hold worship services and regular meetings to propagate Christ's salvation, bring people to Christ, uphold the trust in the Bible, minister to the needs of believers and carry out educational, welfare and charitable work so as to attain the aims of New Testament Church.

Results and appropriations

The results of the church for the year ended 31 December 2021 are set out in the income statement on page 8 of the financial statements.

Appropriations of funds are set out in note (5) to these financial statements.

Donation

Donation made by the church during the year amounted to HK\$210,029.

Church committee members

The church committee members who held office during the year and up to the date of this report are as follows :-

Choi Kit Ching	
Chow Sau Yeung	
Ho Siu Yan Bonnie	
Yuen Aphoran	
Yuen Ip Wong Barbara	
Mak Chun Kee	(Appointed on 1 January 2021)
Fung Churk Ying	(Appointed on 1 January 2021)
Wong Hiu Ngar	(Appointed on 1 January 2022)
Chan Chi Wai	(Appointed on 1 January 2022)
Poon Sui Man	(Appointed on 1 January 2022)
Chan Chi Fung	(Appointed on 1 January 2021 and resigned on 1 January 2022)
Cheng Chung Yiu	(Resigned on 1 January 2021)
Leung Kam Lun Steven	(Resigned on 1 January 2022)
Choi Suk Kit	(Resigned on 1 January 2022)

In accordance with Clause 23 of the Articles of Association of the church, all remaining church committee members shall retire from office and shall be eligible for re-election.

TAI KOK TSUI BAPTIST CHURCH

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REPORT OF THE CHURCH COMMITTEE (CONTINUED)

Management contract

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

Permitted indemnity provision

Every member of the church committee members, board of deacons, secretary, auditor and officer for the time being of the church shall be indemnified out of the funds of the church against all liabilities and obligations which they, or any of them, may incur in good faith in proper and reasonable performance or purported performance of their duties in relation to the church other than any liability which attaches to them by law in respect of any negligence, default, breach of duty or breach of trust. Further they shall be indemnified from the funds of the church against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted or in connection with any application under the Companies Ordinance in which relief is granted to them by the court. Provided that none of the funds of the church shall be applied in payment of the whole or part of any fine or penalty imposed upon any person by sentence or order of a Court of Justice.

This permitted indemnity provision was in force at any time in the year and is in force when this report is approved.

Business review

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

Debenture issued

There was no issue of debenture during the year.

Equity-linked arrangements

During the year, the church entered into no equity-linked agreement. At the end of the year, the church subsisted of no equity-linked agreement.

TAI KOK TSUI BAPTIST CHURCH

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REPORT OF THE CHURCH COMMITTEE (CONTINUED)

Other matter

The church committee members are not aware of any other matter that is material for the members' appreciation of the state of affairs of the church, and the disclosure of which will not, in the church committee members' opinion, be harmful to the business of the church.

Auditors

The financial statements have been audited by Messrs. Leung Kar Pui & Co., certified public accountants, who retire and, being eligible, offer themselves for re-appointment.

Approved by the board and
signed on behalf of the board by

A handwritten signature in blue ink, appearing to read 'Yuen Aphoran', with a stylized flourish at the end.

Yuen Aphoran
Church committee member

Hong Kong, 22 May 2022

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
TAI KOK TSUI BAPTIST CHURCH**
(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Tai Kok Tsui Baptist Church (“the Church”) set out on pages 7 to 14 which comprise the statement of financial position as at 31 December 2021, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Church are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) and with reference to Practice Note 900 (Revised), *Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard* issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF
TAI KOK TSUI BAPTIST CHURCH
(Incorporated in Hong Kong and limited by guarantee)

Other Information

The church committee members are responsible for the other information. The other information comprises the information included in the report of the church committee other than the financial statements and our auditors' 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 Committee Members and Those Charged with Governance for the Financial Statements

The church committee 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 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 church committee 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 committee members either intend to liquidate the Church or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF
TAI KOK TSUI BAPTIST CHURCH
(Incorporated in Hong Kong and limited by guarantee)

Auditors' 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 auditors' report that includes our opinion 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 HKSAAs 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.

A further description of auditors' responsibilities for the audit of the financial statements is located at HKICPA's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

This description forms part of our auditors' report.



Leung Kar Pui & Co.
Certified Public Accountants

Hong Kong, 22 May 2022

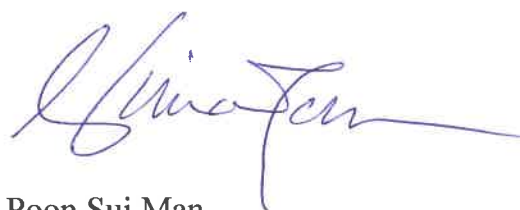
TAI KOK TSUI BAPTIST CHURCH
(Incorporated in Hong Kong and limited by guarantee)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 <u>HK\$</u>	2020 <u>HK\$</u>
Non-current assets			
Leasehold properties and improvement	(4)	<u>6,664,000</u>	<u>6,860,000</u>
Current assets			
Deposit and prepayment		<u>9,280</u>	<u>9,280</u>
Cash and bank balances		<u>7,752,505</u>	<u>7,611,085</u>
		7,761,785	7,620,365
Current liabilities			
Accruals		<u>(75,028)</u>	<u>(77,941)</u>
Net current assets		<u>7,686,757</u>	<u>7,542,424</u>
NET ASSETS		<u>\$ 14,350,757</u>	<u>\$ 14,402,424</u>
Represented by :-			
General Fund	(5a)	9,965,707	10,139,248
Church Establishment Fund	(5b)	100,000	100,000
World Missions Fund	(5c)	814,824	865,709
Church Extension Fund	(5d)	<u>3,470,226</u>	<u>3,297,467</u>
RESERVE FUNDS		<u>\$ 14,350,757</u>	<u>\$ 14,402,424</u>

The financial statements were approved and authorized for issue by the board of church committee on 22 May 2022 and are signed on its behalf by -



Yuen Aphoran
Church committee member



Poon Sui Man
Church committee member

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

TAI KOK TSUI BAPTIST CHURCH
(Incorporated in Hong Kong and limited by guarantee)
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		HK\$	HK\$
Income	(3d)		
Offertory received		2,979,171	2,762,404
Interest received		8,855	57,769
		<u>2,988,026</u>	<u>2,820,173</u>
Expenditure			
Administration and servicing department		(29,689)	(27,956)
Allowance to theological students		(49,600)	(24,000)
Allowance to consultant pastor		(78,000)	(78,000)
Auditors' remuneration		(6,500)	(6,000)
Building renovation		(294,698)	(8,000)
Depreciation		(196,000)	(196,000)
Donation to other charitable organisations		(58,761)	(56,290)
Donation to gospel ministries		(50,424)	(48,097)
Donation to The Hong Kong Chinese Christian Churches Union		(50,422)	(39,128)
Donation to The Baptist Convention of Hong Kong		(50,422)	(39,128)
Education work department		(7,941)	(13,250)
Evangelical work department		(6,327)	(7,583)
Furniture and equipment written off		(104,954)	(129,022)
Insurance		(31,166)	(28,844)
Mission department		(2,850)	(5,000)
Pastoral work department		(20,292)	(21,535)
Printing, stationery and postage		(17,602)	(19,060)
Repairs and maintenance		(31,000)	-
Sundry expenses		(24,143)	(23,997)
Staff salaries and allowance		(1,697,577)	(1,851,711)
Staff welfare		(50,044)	(2,870)
Utility expenses		(101,608)	(86,794)
Worship work department		(25,064)	(26,739)
		<u>(2,985,084)</u>	<u>(2,739,004)</u>
Surplus for the year		2,942	81,169
Other comprehensive income/(deficit)			
World Missions Fund	(5c)	(101,309)	(30,050)
Church Extension Fund	(5d)	46,700	582,500
		<u>(54,609)</u>	<u>552,450</u>
Total comprehensive (deficit)/income for the year		<u>\$ (51,667)</u>	<u>\$ 633,619</u>

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

TAI KOK TSUI BAPTIST CHURCH

(Incorporated in Hong Kong and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(1) Status of the church

Tai Kok Tsui Baptist Church was incorporated on 15 September 2003 and limited by guarantee under the predecessor Hong Kong Companies Ordinance to acquire and take over the whole of the assets, liabilities and reserves of the unincorporated body also known as “Tai Kok Tsui Baptist Church” and to maintain and conduct the same in succession to and in continuance of the said unincorporated body as an association of a purely and exclusively religious, ecclesiastical, educational and charitable character.

Pursuant to Clause 8 of the Memorandum of Association of the Church adopted upon its incorporation and the deeming provision set out in section 98 of the current Hong Kong Companies Ordinance, every member undertakes to contribute to the assets of the church, in the event of its being wound up, such amount as may be required but not exceeding the sum of ten Hong Kong dollars.

The principal activities of the church are to hold worship services and regular meetings to propagate Christ’s salvation, bring people to Christ, uphold the trust in the Bible, minister to the needs of believers and carry out educational, welfare and charitable work so as to attain the aims of New Testament Church.

The church has its registered office located at 2nd Floor, Sun Hon Building, 51-67 Tung Chau Street, Tai Kok Tsui, Kowloon, Hong Kong.

(2) Basis of preparation

(a) Statement of compliance

The church qualifies under the reporting exemption as a small guarantee company under section 359 and section 363 of the current Hong Kong Companies Ordinance and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Framework (SME-FRF) and the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements have been prepared under the accrual basis of accounting and on the basis that the company is a going concern.

(b) Basis of measurement

The measurement bases used in preparing these financial statements are set out in note (3) to the financial statements.

(3) Summary of significant accounting policies

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

(a) Provision

A provision is recognised when the church has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of the year and adjusted to reflect the current best estimate.

(b) Depreciation

- (i) Leasehold properties and improvement are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of leasehold properties and improvement is allocated on a systematic basis over its estimated useful life as follows:-

Leasehold properties	2%
Leasehold improvement	fully written off in the year of purchase

- (ii) Furniture and equipment are recognised as expenses in the year of acquisition.

(c) Impairment of assets

An assessment is made at the end of each year to determine whether there is any indication of impairment or reversal of previous impairment, including items of leasehold properties and improvement. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment loss been recognised for the asset in prior years.

(3) Summary of significant accounting policies (continued)

(d) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the church and when the amount of revenue as well as costs incurred for the transaction can be measured reliably. Revenue is measured at fair value of the consideration received or receivable on the following bases :-

- Offertory received is measured at the fair value of consideration received on cash basis.
- Interest received is recognised on a time proportion basis taking into account the principal outstanding and the interest rate applicable.

(e) Employee benefits

(i) Salaries, bonuses and leave benefits

Employee entitlements to salaries, annual bonuses, paid annual leave, leave passage and the costs to the church of non-monetary benefits are recognised when they accrue to employees. An accrual is made for the estimated liability, if material, for annual leave as a result of services rendered by employees up to the end of the year.

Employee entitlements to sick leave and maternity leave are recognised when the absences occur.

(ii) Retirement benefits

Retirement benefits are provided to eligible employees of the church. They enjoy retirement benefits under the Mandatory Provident Fund Scheme, which is defined contribution scheme. The assets of the scheme are held separately from that of the church. Contribution to the scheme by the church and employees are calculated as a percentage of employees' basic salaries. The Mandatory Provident Fund Scheme cost charged to surplus or deficit represents contributions payable by the church to the scheme and is expensed as incurred.

(4) Leasehold properties and improvement

	Leasehold properties	Leasehold improvement	Total
	HK\$	HK\$	HK\$
<u>Cost</u>			
As at 1.1.2021	9,800,000	417,388	10,217,388
Additions	-	-	-
As at 31.12.2021	<u>\$ 9,800,000</u>	<u>\$ 417,388</u>	<u>\$ 10,217,388</u>
<u>Accumulated depreciation</u>			
As at 1.1.2021	2,940,000	417,388	3,357,388
Current charge	196,000	-	196,000
As at 31.12.2021	<u>\$ 3,136,000</u>	<u>\$ 417,388</u>	<u>\$ 3,553,388</u>
<u>Net book value</u>			
As at 31.12.2021	<u>\$ 6,664,000</u>	<u>\$ -</u>	<u>\$ 6,664,000</u>
As at 31.12.2020	<u>\$ 6,860,000</u>	<u>\$ -</u>	<u>\$ 6,860,000</u>

The leasehold properties were situated in Hong Kong under medium term lease.

(5) Reserve funds

(a) General Fund

	2021	2020
	HK\$	HK\$
Balance as at beginning of year	10,139,248	10,226,425
Surplus for the year	2,942	81,169
	<u>10,142,190</u>	<u>10,307,594</u>
Appropriation to -		
World Missions Fund	(50,424)	(48,099)
Church Extension Fund	(126,059)	(120,247)
	<u>(176,483)</u>	<u>(168,346)</u>
Balance as at end of year	<u>\$ 9,965,707</u>	<u>\$ 10,139,248</u>

(b) Church Establishment Fund

Balance as at beginning and end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>
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(5) Reserve funds (continued)

(c) World Missions Fund

	2021 <u>HK\$</u>	2020 <u>HK\$</u>
Balance as at beginning of year	865,709	847,660
Offertory income	350,691	419,750
Expenditure	(452,000)	(449,800)
	<u>(101,309)</u>	<u>(30,050)</u>
	764,400	817,610
Appropriation from General Fund	50,424	48,099
Balance as at end of year	<u>\$ 814,824</u>	<u>\$ 865,709</u>

(d) Church Extension Fund

Balance as at beginning of year	3,297,467	2,594,720
Offertory income	46,700	582,500
	<u>3,344,167</u>	<u>3,177,220</u>
Appropriation from General Fund	126,059	120,247
Balance as at end of year	<u>\$ 3,470,226</u>	<u>\$ 3,297,467</u>

Total	<u>\$ 14,350,757</u>	<u>\$ 14,402,424</u>
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(6) Changes in funds

Total funds brought forward	14,402,424	13,768,805
Changes in funds for the year: -		
Surplus for the year	2,942	81,169
Other comprehensive (deficit)/income	(54,609)	552,450
Total comprehensive (deficit)/income	<u>(51,667)</u>	<u>633,619</u>
Total funds carried forward	<u>\$ 14,350,757</u>	<u>\$ 14,402,424</u>

(7) Taxation

The church is a charitable body exempted from tax under section 88 of the Inland Revenue Ordinance (2020 : Same).

(8) Remuneration of church committee members

Church committee members' remuneration disclosed pursuant to sections 383(1)(a), (b) and (c) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows :-

	<u>2021</u> HK\$	<u>2020</u> HK\$
<i>Acting as church committee members</i>		
Emoluments (including benefit in kind)	-	-
Retirement benefits	-	-
Compensation for termination of church committee members' services	-	-
	-	-
<i>Provision of management services</i>		
Emoluments (including benefit in kind)	-	-
Retirement benefits	-	-
Compensation for termination of church committee members' services	-	-
	-	-
	<u>\$ -</u>	<u>\$ -</u>