

**THE VINE COMMUNITY SERVICES LIMITED**

**DIRECTORS' REPORT**

**AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

何凌李會計師事務所有限公司  
**HOOSANG, LYN, LI & CO. LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS  
HONG KONG

**THE VINE COMMUNITY SERVICES LIMITED**

**DIRECTORS' REPORT**

The directors have pleasure in submitting to members their annual report together with the audited financial statements of The Vine Community Services Limited ("the Company") for the year ended 30 September 2016.

**Principal activities**

The principal activities of the Company are to advance the Christian Gospel and to provide relief and assistance to the underprivileged in the community.

**Directors**

The directors of the Company during the financial year and up to the date of this report were:

|                         |                                |
|-------------------------|--------------------------------|
| Roderick John Sewell    | (Resigned on 14 December 2015) |
| Clifford Po Wah Ma      |                                |
| Sean Wye Ann Seah       |                                |
| Susanna Christine Lynam | (Appointed on 1 November 2016) |

In accordance with Article 39 of the Company's Articles of Association, all existing directors retire at the forthcoming annual general meeting and deem to have been re-elected.

**Directors' interest**

There were no contracts of significance to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year.

**Auditors**

Hoosang, Lyn, Li & Co. Ltd. retire and, being eligible, offer themselves for re-appointment.

A resolution for the re-appointment of Hoosang, Lyn, Li & Co. Ltd. as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board



Sean Wye Ann Seah  
Chairman

# 何凌李會計師事務所有限公司

## HOOSANG, LYN, LI & CO. LTD.

Certified Public Accountants

10<sup>th</sup> Floor, Chun Wo Commercial Centre, No. 23-29 Wing Wo Street, Central, Hong Kong.

香港中環永和街 23-29 號俊和商業中心十樓

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF THE VINE COMMUNITY SERVICES LIMITED

(Incorporated in Hong Kong as a non-private company limited by guarantee)

We have audited the financial statements of The Vine Community Services Limited ("the Company") set out on pages 4 to 13, which comprise the statement of financial position as at 30 September 2016 and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing 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 Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

何凌李會計師事務所有限公司

**HOOSANG, LYN, LI & CO. LTD.**

Certified Public Accountants

10<sup>th</sup> Floor, Chun Wo Commercial Centre, No. 23-29 Wing Wo Street, Central, Hong Kong.

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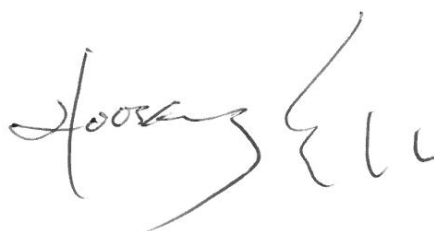
**INDEPENDENT AUDITOR'S REPORT (Continued)**

**TO THE MEMBERS OF THE VINE COMMUNITY SERVICES LIMITED**

(Incorporated in Hong Kong as a non-private company limited by guarantee)

**Opinion**

In our opinion, the financial statements of the Company for the year ended 30 September 2016 are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Hong Kong Companies Ordinance.



**Hoosang, Lyn, Li & Co. Ltd.**  
Certified Public Accountants  
Hong Kong, 22 August 2017

Li Kwok On  
Practising Certificate Number P01375

**THE VINE COMMUNITY SERVICES LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

|  |             | 2016           | 2015           |
|--|-------------|----------------|----------------|
|  |             | HK\$           | HK\$           |
|  | <u>Note</u> |                |                |
| <b>Revenue</b>   | 4           | 7,230,121      | 6,194,439      |
| Other income   | 5           | 204,934        | 1,246          |
| Administrative and general expenses                    |             | (3,437,287)    | (3,175,575)    |
| Project expenses                                       |             | (1,856,121)    | (689,344)      |
| Refugee's assistance expenses                          |             | (1,980,763)    | (1,997,982)    |
| <b>Surplus before taxation</b>                         | 6           | <u>160,884</u> | <u>332,784</u> |
| Income tax   | 8           | -              | -              |
| <b>Surplus income for the year<br/>before transfer</b> |             | <u>160,884</u> | <u>332,784</u> |
| <b>Transfer to/(from)</b>                              |             |                |                |
| Opportunity Fund                                       |             | (233,059)      | 241,698        |
| STOP Fund  |             | (1,911)        | 292,014        |
| General Fund   |             | 395,854        | (200,928)      |
|  |             | <u>160,884</u> | <u>332,784</u> |

The notes on pages 7 to 13 form part of these financial statements.

**THE VINE COMMUNITY SERVICES LIMITED**  
**STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2016**

|  | <u>Note</u> | 2016<br>HK\$ | 2015<br>HK\$ |
|--|-------------|--------------|--------------|
| <b>ASSETS</b>                              |             |              |              |
| <b>Current assets</b>                      |             |              |              |
| Bank balance and cash                      |             | 641,791      | 482,224      |
| Accounts receivable                        |             | 80,259       | 22,302       |
| Deposits, prepayments and other receivable |             | 56,011       | 49,873       |
| Amount due from a related organization     | 9           | -            | 18,248       |
|  |             | 778,061      | 572,647      |
| <b>Non-current assets</b>                  |             |              |              |
| Property, plant and equipment              | 10          | 41,160       | 65,408       |
|  |             | 41,160       | 65,408       |
| <b>Total assets</b>                        |             | 819,221      | 638,055      |
| <b>LIABILITIES</b>                         |             |              |              |
| <b>Current liabilities</b>                 |             |              |              |
| Other payables and accruals                |             | 25,642       | 10,000       |
| Amount due to a related organization       | 9           | 4,640        | -            |
| <b>Total liabilities</b>                   |             | 30,282       | 10,000       |
| <b>FUNDS</b>                               |             |              |              |
|  | 11          |              |              |
| Opportunity Fund                           |             | 265,325      | 498,384      |
| STOP Fund                                  |             | 289,088      | 290,999      |
| General Fund                               |             | 234,526      | (161,328)    |
| <b>Total funds</b>                         |             | 788,939      | 628,055      |
| <b>Total liabilities and funds</b>         |             | 819,221      | 638,055      |

Approved and authorised for issue by the Board of directors on 22 August 2017



Sean Wye Ann Seah  
Director



Clifford Po Wah Ma  
Director

The notes on pages 7 to 13 form part of these financial statements.

**THE VINE COMMUNITY SERVICES LIMITED**

**STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

|  | Opportunity<br>Fund<br>HK\$ | STOP<br>Fund<br>HK\$  | General<br>Fund<br>HK\$ | Total<br>Funds<br>HK\$ |
|--|-----------------------------|-----------------------|-------------------------|------------------------|
| <b>At 1 October 2014</b>                         | 256,686                     | (1,015)               | 39,600                  | 295,271                |
| Transfer from/(to) income statement for the year | 241,698                     | 292,014               | (200,928)               | 332,784                |
| <b>At 30 September 2015</b>                      | <u>498,384</u>              | <u>290,999</u>        | <u>(161,328)</u>        | <u>628,055</u>         |
| Transfer from/(to) income statement for the year | (233,059)                   | (1,911)               | 395,854                 | 160,884                |
| <b>At 30 September 2016</b>                      | <u><u>265,325</u></u>       | <u><u>289,088</u></u> | <u><u>234,526</u></u>   | <u><u>788,939</u></u>  |

**THE VINE COMMUNITY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016****1 General information**

The Vine Community Services Limited ("the Company") was incorporated under the laws of Hong Kong as a non-private company limited by guarantee and not having a share capital. The registered office of the Company is located at 29 Burrows Street, Wanchai, Hong Kong.

Every member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member, or within one year afterwards, such amount as may be required not exceeding one hundred dollars. The Company qualifies for the reporting exemption as a small company limited by guarantee 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 (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

The Company is a non-profit making organisation and its activities are to advance the Christian Gospel and to provide relief and assistance to the underprivileged in the community.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with the SME-FRS issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. They have been prepared under the accrual basis of accounting and on the basis that the company is a going concern. The measurement basis used in the preparation of the financial statements is historical cost basis.

**2.2 Foreign currencies**

The reporting currency of the Company is Hong Kong dollars, which is the currency of the primary economic environment in which the Company operates. Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the end of reporting date. Exchange gains and losses are recognised in income statement.



**THE VINE COMMUNITY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016****2 Summary of significant accounting policies (continued)****2.3 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental benefits to the Company. The carrying amounts of replaced part is derecognised. All other repairs and maintenance are charged to income statement during the period in which they are incurred.

Property, plant and equipment with cost of HK\$4,999 or less is charged to income statement immediately during the year of purchase.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

|                                   |           |
|-----------------------------------|-----------|
| Furniture, fixtures and equipment | 3-5 years |
|-----------------------------------|-----------|

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the retirement or disposal are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

**2.4 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant members and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

**THE VINE COMMUNITY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016****2 Summary of significant accounting policies (continued)****2.5 Trade and other receivables**

Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. When the payment of a debt becomes doubtful, a provision is made and charged to income statement.

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand.

**2.7 Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**2.8 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in income statement as follows:

i) General donations and offerings

Donations and offerings income are recognised when received from contributors.

ii) Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest rate applicable.

iii) Other income

Other income is recognised as received.

**THE VINE COMMUNITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

**3 Transition to SME-FRS**

The Company's financial statements for the year ended 30 September 2016 are its first annual financial statements prepared under accounting policies that comply with SME-FRS.

The Company's transition date is 1 October 2014. The Company prepared its opening SME-FRS statement of financial position at that date. In preparing these financial statements in accordance with SME-FRS, the Company has applied all the mandatory exceptions and certain of the optional exemption from full retrospective application of SME-FRS.

There was no effect on the Company's equity of transition from the Company's previous HKFRS for Private Entities to SME-FRS at 1 October 2014 and 30 September 2015.

**4 Revenue**

Revenue represents general offerings and donations and net fund raising activities received during the year. The category of revenue recognising during the year is as follow:

|   | 2016<br>HK\$     | 2015<br>HK\$     |
|---|------------------|------------------|
| General donation and offerings                  | 912,551          | 529,332          |
| Donation from a related charitable organisation | 4,100,000        | 4,079,396        |
| Project donations                               | 1,621,151        | 1,223,056        |
| Fund raising activities income - net            | 596,419          | 362,655          |
|   | <u>7,230,121</u> | <u>6,194,439</u> |

Comparative figures were reclassified to conform to current year's presentation as it would be more appropriate having regard to the criteria for the selection and application of accounting policies. Details are as follows:

|   | As previous<br>reported<br>HK\$ | Reclassified<br>HK\$ | As restated<br>HK\$ |
|---|---------------------------------|----------------------|---------------------|
| i) Revenue                              |                                 |                      |                     |
| General donation and offering           | 763,162                         | (233,830)            | 529,332             |
| Donation from a charitable organisation | 3,845,566                       | 233,830              | 4,079,396           |
| Project donations                       | -                               | 1,223,056            | 1,223,056           |
| Fund raising activities - net           | 1,176,121                       | (813,466)            | 362,655             |
|   | <u>5,784,849</u>                | <u>409,590</u>       | <u>6,194,439</u>    |
| ii) Expenses                            |                                 |                      |                     |
| Administrative and general expenses     | (5,453,311)                     | 2,277,736            | (3,175,575)         |
| Project expenses                        | -                               | (689,344)            | (689,344)           |
| Refugee's assistance expenses           | -                               | (1,997,982)          | (1,997,982)         |
|   | <u>331,538</u>                  | <u>-</u>             | <u>331,538</u>      |

**THE VINE COMMUNITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

**5 Other income**

|                                | 2016    | 2015  |
|--------------------------------|---------|-------|
|                                | HK\$    | HK\$  |
| Bank interest income           | 3       | -     |
| Net income from special events | 202,679 | 1,246 |
| Exchange gain                  | 2,252   | -     |
|                                | 204,934 | 1,246 |
|                                | 204,934 | 1,246 |

**6 Surplus before taxation**

|   | 2016       | 2015       |
|---|------------|------------|
|   | HK\$       | HK\$       |
| Surplus before taxation is arrived at after charging (crediting): |            |            |
| Auditors' remuneration  | 15,400     | 10,000     |
| Staff costs:  |            |            |
| Wages and salaries  | 3,184,241  | 1,443,518  |
| MPF   | 105,047    | 45,230     |
| Staff medical expenses  | 70,494     | 11,233     |
| Bank overdraft interest   | -          | 10         |
| Exchange (gains)/losses   | (2,252)    | 1,900      |
|   | 13,322,489 | 13,322,489 |
|   | 13,322,489 | 13,322,489 |

**7 Directors' remuneration**

Directors' remuneration disclosed pursuant to section 383 (1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

|                                 | 2016 | 2015 |
|---------------------------------|------|------|
|                                 | HK\$ | HK\$ |
| Directors' fees                 | -    | -    |
| Salaries and benefits in kinds  | -    | -    |
| Retirement scheme contributions | -    | -    |
| Discretionary bonuses           | -    | -    |
|                                 | -    | -    |
|                                 | -    | -    |

**8 Taxation**

The Company is a charitable institution within the meaning of section 88 of the Inland Revenue Ordinance and accordingly, it is exempted from all Hong Kong taxes.

**THE VINE COMMUNITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

**9 Amount due (to)/from a related organization**

|                         | 2016         | 2015         |
|-------------------------|--------------|--------------|
|                         | HK\$         | HK\$         |
| The Vine Church Limited | (4,640)      | 18,248       |
|                         | <u>=====</u> | <u>=====</u> |

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

**10 Property, plant and equipment**

|                                 | Furniture and<br>equipment |
|---------------------------------|----------------------------|
|                                 | HK\$                       |
| <b>Cost</b>                     |                            |
| At 1 October 2015               | 124,836                    |
| Additions                       | 26,047                     |
| At 30 September 2016            | <u>150,883</u>             |
|                                 | -----                      |
| <b>Accumulated depreciation</b> |                            |
| At 1 October 2015               | 59,428                     |
| Charge for the year             | 50,295                     |
| At 30 September 2016            | <u>109,723</u>             |
|                                 | -----                      |
| <b>Net book value</b>           |                            |
| At 30 September 2016            | <u>41,160</u>              |
|                                 | =====                      |
| At 30 September 2015            | <u>65,408</u>              |
|                                 | =====                      |

**THE VINE COMMUNITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

**11 Funds**

|                                     | Opportunity<br>Fund<br>HK\$ | STOP<br>Fund<br>HK\$ | General<br>Fund<br>HK\$ | Total<br>HK\$  |
|-------------------------------------|-----------------------------|----------------------|-------------------------|----------------|
| Balance at 1 October 2015           | 498,384                     | 290,999              | (161,328)               | 628,055        |
| Transfer from/(to) income statement | (233,059)                   | (1,911)              | 395,854                 | 160,884        |
| Balance at 30 September 2016        | <u>265,325</u>              | <u>289,088</u>       | <u>234,526</u>          | <u>788,939</u> |

Opportunity fund is fund raised for refugees and school opportunities for kindergarten children. STOP fund is fund raised for stopping human trafficking.

**12 Related party transactions**

In addition to the balances disclosed elsewhere in the financial statements, the Company also had the following transactions during the year in the normal course of business.

|   | 2016<br>HK\$     | 2015<br>HK\$     |
|---|------------------|------------------|
| i) Office utility and administrative charges paid to<br>The Vine Church Limited | <u>1,044,366</u> | <u>1,845,566</u> |
| ii) Donation income received from The Vine Church Limited                       | <u>4,100,000</u> | <u>3,845,566</u> |
| iii) Key managerial staff remuneration<br>- Salary                              | <u>613,500</u>   | <u>345,125</u>   |

Clifford Po Wah Ma and Sean Wye Ann Seah are directors of The Vine Church Limited.

## **THE VINE COMMUNITY SERVICES LIMITED**

### **Disclosure under Section 436 of the Hong Kong Companies Ordinance**

The figures and financial information relating to the years ended 30 September 2015 and 2016 included in the attached detailed income statement are not the Company's statutory annual financial statements for those two years. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- The Company has delivered its statutory financial statements to the Registrar of Companies, and will deliver the statutory financial statements for the year ended 30 September 2016 in due course.
  
- The Company's auditor has reported on those financial statements of the Company for those two years. The auditor's report were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.