

BRANCHES OF HOPE LIMITED
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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

BRANCHES OF HOPE LIMITED**DIRECTORS' REPORT**

The directors have pleasure in submitting to members their annual report together with the audited financial statements of Branches of Hope Limited ("the Company") for the year ended 30 September 2019.

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:

Kam Hung Yip	(Appointed on 1 March 2020)
Clifford Po Wah Ma	
Nigel Martyn Raymont	(Resigned on 1 December 2019)
Susanna Christine Lynam	
Chui Yiu Trudy Tam	(Appointed on 1 January 2019)

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

Directors' interest in transactions, arrangements or contracts

No transaction, arrangement or contract 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 year 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

Susanna Christine Lynam
Chairman

HONG KONG, 9 July 2020

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

Certified Public Accountants

10th 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10樓

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF BRANCHES OF HOPE LIMITED**

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

Opinion

We have audited the financial statements of Branches of Hope Limited (“the Company”) set out on pages 5 to 13, which comprise the statement of financial position as at 30 September 2019, 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 Company 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 (“HKSA”) 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors’ 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.

何凌李會計師事務所有限公司

HOOSANG, LYN, LI & CO. LTD.

Certified Public Accountants

10th 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10樓

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE MEMBERS OF BRANCHES OF HOPE LIMITED

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

Responsibilities of Directors for the Financial Statements

The directors 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 directors 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

何凌李會計師事務所有限公司

HOOSANG, LYN, LI & CO. LTD.

Certified Public Accountants

10th 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10樓

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE MEMBERS OF BRANCHES OF HOPE LIMITED

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

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

- Conclude on the appropriateness of the directors' 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 Company'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 Company to cease to continue as a going concern.

We communicate with the directors 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.



Hoosang, Lyn, Li & Co. Ltd.

Certified Public Accountants

Hong Kong, 9 July 2020

Kam Ka Woo Annie

Practising Certificate Number P03098



BRANCHES OF HOPE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

		2019	2018
		HK\$	HK\$
	<u>Note</u>		
Revenue	3	11,095,479	9,940,946
Other income	4	294,764	259,526
Administrative and general expenses		(7,863,325)	(5,473,395)
Project expenses		(1,697,472)	(1,902,987)
Refugee's assistance expenses		(1,211,618)	(2,029,980)
Surplus before taxation	5, 7	<u>617,828</u>	<u>794,110</u>
Income tax	8	-	-
Surplus income for the year before transfer		<u><u>617,828</u></u>	<u><u>794,110</u></u>
Transfer to/(from)	7		
YSWP Fund		171,952	-
ROAD Education Fund		109,166	142,888
STOP Fund		238,398	(317,229)
General Fund		98,312	968,451
		<u><u>617,828</u></u>	<u><u>794,110</u></u>

The notes on pages 8 to 13 form part of these financial statements.

BRANCHES OF HOPE LIMITED

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2019

	<u>Note</u>	2019 HK\$	2018 HK\$
ASSETS			
Current assets			
Bank balance and cash		3,739,876	2,724,221
Accounts receivable		18,152	99,813
Deposits, prepayments and other receivable		259,105	271,514
		<u>4,017,133</u>	<u>3,095,548</u>
Non-current assets			
Property, plant and equipment	9	<u>-</u>	<u>-</u>
		-	-
Total assets		<u><u>4,017,133</u></u>	<u><u>3,095,548</u></u>
LIABILITIES			
Current liabilities			
Other payables and accruals		29,975	16,970
Deferred income		290,752	-
Amount due to a related organization	10	1,000,000	1,000,000
Total liabilities		<u>1,320,727</u>	<u>1,016,970</u>
FUNDS			
	11		
ROAD Education fund		982,651	873,485
STOP fund		370,444	132,046
YSWP fund		171,952	-
General fund		1,171,359	1,073,047
Total funds		<u>2,696,406</u>	<u>2,078,578</u>
Total liabilities and funds		<u><u>4,017,133</u></u>	<u><u>3,095,548</u></u>

Approved and authorised for issue by the Board of directors on 9 July 2020


 TAM, Chul Yiu Trudy
 Director


 LYNAM, Susanna Christine
 Director

The notes on pages 8 to 13 form part of these financial statements.

BRANCHES OF HOPE LIMITED

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	YSWP Fund HK\$	ROAD Education Fund HK\$	STOP Fund HK\$	General Fund HK\$	Total Funds HK\$
At 1 October 2017	-	730,597	449,275	104,596	1,284,468
Transfer from/(to) income statement for the year	-	142,888	(317,229)	968,451	794,110
At 30 September 2018	-	873,485	132,046	1,073,047	2,078,578
Transfer from/(to) income statement for the year	171,952	109,166	238,398	98,312	617,828
At 30 September 2019	<u>171,952</u>	<u>982,651</u>	<u>370,444</u>	<u>1,171,359</u>	<u>2,696,406</u>

Note: YSWP fund is grants received for Youth Sex Worker Anti trafficking project.

ROAD Education fund is fund raised for refugees and school opportunities for kindergarten children.

STOP fund is fund raised for stopping human trafficking.

BRANCHES OF HOPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019****1 General information**

Branches of Hope 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.

BRANCHES OF HOPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019****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.

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.

BRANCHES OF HOPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019****2 Summary of significant accounting policies (continued)****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.

BRANCHES OF HOPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**3 Revenue**

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

	2019	2018
	HK\$	HK\$
General donation and offerings	5,120,780	4,040,604
Donation from a related charitable organisation	3,600,000	3,600,000
Project donations	2,216,988	1,728,646
Fund raising activities income - net	-	234,425
Secret Angel Program - net	157,711	337,271
	<u>11,095,479</u>	<u>9,940,946</u>

4 Other income

	2019	2018
	HK\$	HK\$
Bank interest income	3,788	83
Net income from special events	290,976	259,443
	<u>294,764</u>	<u>259,526</u>

5 Surplus before taxation

	2019	2018
	HK\$	HK\$
Surplus before taxation is arrived at after charging:		
Staff costs:		
Wages and salaries	4,679,731	4,391,800
MPF	180,979	163,908
Staff medical expenses	122,161	112,057
	<u>4,982,871</u>	<u>4,667,765</u>

6 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:

	2019	2018
	HK\$	HK\$
Directors' fees	-	-
Salaries and benefits in kinds	-	-
Retirement scheme contributions	-	-
Discretionary bonuses	-	-
	<u>-</u>	<u>-</u>

BRANCHES OF HOPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**10 Amount due to a related organization**

	2019	2018
	HK\$	HK\$
The Vine Church Limited	1,000,000	1,000,000
	<u> </u>	<u> </u>

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

11 Funds

The opening and closing balances of each of the category of funds are set out in the statement of changes in funds.

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.

	2019	2018
	HK\$	HK\$
i) Office utility and administrative charges paid to The Vine Church Limited	3,061,155	1,325,803
	<u> </u>	<u> </u>
ii) Donation income received from The Vine Church Limited	3,600,000	3,600,000
	<u> </u>	<u> </u>
iii) Key managerial staff remuneration		
- Salary	587,251	708,235
	<u> </u>	<u> </u>

Clifford Po Wah Ma and Kam Hung Yip are directors of The Vine Church Limited.