

BRANCHES OF HOPE LIMITED
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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 2018.

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:

Clifford Po Wah Ma	
Susanna Christine Lynam	
Nigel Martyn Raymont	(Appointed on 28 February 2018)
Sean Wye Ann Seah	(Resigned on 28 February 2018)

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



Nigel Martyn Raymont
Chairman

HONG KONG, 12 August 2019

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 2018, 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 ("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 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.

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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 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.

As part of an audit in accordance with HKSAAs, 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

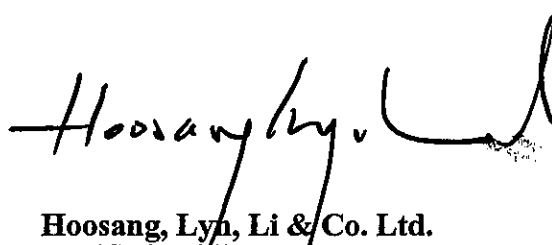
TO THE MEMBERS OF BRANCHES OF HOPE LIMITED

(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, 12 August 2019

Kam Ka Woo Annie
Practising Certificate Number P03098

BRANCHES OF HOPE LIMITED

INCOME STATEMENT ~

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		2018	2017
		HK\$	HK\$
	<u>Note</u>		
Revenue	3	9,940,946	8,129,675
Other income	4	259,526	522,238
Administrative and general expenses		(5,473,395)	(4,706,284)
Project expenses		(1,902,987)	(1,476,480)
Refugee's assistance expenses		(2,029,980)	(1,973,620)
Surplus before taxation	5	<u>794,110</u>	<u>495,529</u>
Income tax	7	-	-
Surplus income for the year before transfer		<u><u>794,110</u></u>	<u><u>495,529</u></u>
Transfer to/(from)			
ROAD Education Fund		142,888	465,272
STOP Fund		(317,229)	160,187
General Fund		968,451	(129,930)
		<u><u>794,110</u></u>	<u><u>495,529</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 2018

	<u>Note</u>	2018 HK\$	2017 HK\$
ASSETS			
Current assets			
Bank balance and cash		2,724,221	1,087,431
Accounts receivable		99,813	17,581
Deposits, prepayments and other receivable		271,514	186,375
		<u>3,095,548</u>	<u>1,291,387</u>
Non-current assets			
Property, plant and equipment	8	-	8,681
		<u>-</u>	<u>8,681</u>
Total assets		<u><u>3,095,548</u></u>	<u><u>1,300,068</u></u>
LIABILITIES			
Current liabilities			
Other payables and accruals		16,970	15,600
Amount due to a related organization	9	1,000,000	-
Total liabilities		<u>1,016,970</u>	<u>15,600</u>
FUNDS			
	10		
ROAD Education fund		873,485	730,597
STOP fund		132,046	449,275
General fund		1,073,047	104,596
Total funds		<u>2,078,578</u>	<u>1,284,468</u>
Total liabilities and funds		<u><u>3,095,548</u></u>	<u><u>1,300,068</u></u>

Approved and authorised for issue by the Board of directors on 12 August 2019


 Nigel Martyn Raymont
 Director


 Clifford Po Wah Ma
 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 2018

	Road Education Fund HK\$	STOP Fund HK\$	General Fund HK\$	Total Funds HK\$
At 1 October 2016	265,325	289,088	234,526	788,939
Transfer from/(to) income statement for the year	465,272	160,187	(129,930)	495,529
At 30 September 2017	<u>730,597</u>	<u>449,275</u>	<u>104,596</u>	<u>1,284,468</u>
Transfer from/(to) income statement for the year	142,888	(317,229)	968,451	794,110
At 30 September 2018	<u><u>873,485</u></u>	<u><u>132,046</u></u>	<u><u>1,073,047</u></u>	<u><u>2,078,578</u></u>

BRANCHES OF HOPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018****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. The Company has changed its name from The Vine Community Services Limited to Branches of Hope Limited on 12 March 2018.

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 2018****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.

BRANCHES OF HOPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018****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.

BRANCHES OF HOPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

3 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:

	2018	2017
	HK\$	HK\$
General donation and offerings	4,040,604	1,358,651
Donation from a related charitable organisation	3,600,000	3,600,000
Project donations	1,728,646	2,101,939
Fund raising activities income - net	234,425	1,069,085
Secret Angel Program - net	337,271	-
	<u>9,940,946</u>	<u>8,129,675</u>

4 Other income

	2018	2017
	HK\$	HK\$
Bank interest income	83	7
Net income from special events	259,443	510,706
Exchange gain	-	11,525
	<u>259,526</u>	<u>522,238</u>

5 Surplus before taxation

	2018	2017
	HK\$	HK\$
Surplus before taxation is arrived at after charging:		
Staff costs:		
Wages and salaries	4,391,800	3,939,816
MPF	163,908	147,772
Staff medical expenses	112,057	85,065
	<u>4,667,765</u>	<u>4,172,653</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:

	2018	2017
	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 2018

7 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.

8 Property, plant and equipment

	Furniture and equipment HK\$
Cost	
At 1 October 2017	150,883
At 30 September 2018	<u>150,883</u>
Accumulated depreciation	
At 1 October 2017	142,202
Charge for the year	8,681
At 30 September 2018	<u>150,883</u>
Net book value	
At 30 September 2018	-
At 30 September 2017	<u>8,681</u>

9 Amount due to a related organization

	2018 HK\$	2017 HK\$
The Vine Church Limited	<u>1,000,000</u>	<u>-</u>

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

10 Funds

	ROAD Education Fund HK\$	STOP Fund HK\$	General Fund HK\$	Total HK\$
Balance at 1 October 2017	730,597	449,275	104,596	1,284,468
Transfer from/(to) income statement	142,888	(317,229)	968,451	794,110
Balance at 30 September 2018	<u>873,485</u>	<u>132,046</u>	<u>1,073,047</u>	<u>2,078,578</u>

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 2018**

11 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.

	2018	2017
	HK\$	HK\$
i) Office utility and administrative charges paid to The Vine Church Limited	1,325,803	1,099,906
ii) Donation income received from The Vine Church Limited	3,600,000	3,600,000
iii) Key managerial staff remuneration		
- Salary	708,235	647,248

Clifford Po Wah Ma and Nigel Martyn Raymont are directors of The Vine Church Limited.

BRANCHES OF HOPE LIMITED

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

(For management information only)

	Appendix	2018 HK\$	2017 HK\$
Income			
General donation			
- third parties		4,040,604	1,358,651
- related Church		3,600,000	3,600,000
Project donation	1		
- ROAD Education		785,275	974,447
- STOP		943,371	1,127,492
Fund raising activities income - net	2	234,425	1,069,085
Special events income - net	3	259,443	510,706
Secret Angel Program - net	4	337,271	
Exchange gain		-	11,525
Bank interest income		83	7
		10,200,472	8,651,913
Less: Expenditure			
Project Expenses	5	1,902,987	1,476,480
Audit fee		16,520	16,650
Bank charges		32,503	62,767
Computer expenses		36,770	11,395
Exchange loss		4,307	-
General expenses		55,143	51,175
Insurance		7,142	8,769
MPF		163,908	147,772
Minor furniture and equipment		2,520	-
Office utility and administrative charges		1,338,336	1,102,736
Pastors' salaries		481,518	458,676
Postage and courier		1,529	728
Refugee's assistance expenses		2,029,980	1,973,620
Salary - administrative		3,208,650	2,716,722
Staff medical expenses		112,057	85,065
Stationery		393	750
Travelling		3,418	10,600
Depreciation		8,681	32,479
		9,406,362	8,156,384
Surplus for the year		794,110	495,529

Appendix

BRANCHES OF HOPE LIMITED

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

(For management information only)

1 Project donation

	2018			2017		
	Income HK\$	Expenses HK\$	Net HK\$	Income HK\$	Expenses HK\$	Net HK\$
ROAD Education	785,275	(642,387)	142,888	974,447	(509,175)	465,272
STOP	943,371	(1,260,600)	(317,229)	1,127,492	(967,305)	160,187
	<u>1,728,646</u>	<u>(1,902,987)</u>	<u>(174,341)</u>	<u>2,101,939</u>	<u>(1,476,480)</u>	<u>625,459</u>

2 Fund raising activities income - net

	2018			2017		
	Income HK\$	Expenses HK\$	Net HK\$	Income HK\$	Expenses HK\$	Net HK\$
Bikeathon	222,387	-	222,387	739,458	(99,612)	639,846
Telema	-	-	-	3,180	-	3,180
Football	-	-	-	274,602	(38,895)	235,707
DIY Campaign	12,038	-	12,038	191,631	(1,279)	190,352
	<u>234,425</u>	<u>-</u>	<u>234,425</u>	<u>1,208,871</u>	<u>(139,786)</u>	<u>1,069,085</u>

3 Special Event income – net

	2018 HK\$	2017 HK\$
Income	502,981	576,409
Expenses	(243,538)	(65,703)
Net	<u>259,443</u>	<u>510,706</u>

4 Secret Angel Program - net

	2018 HK\$	2017 HK\$
Income	339,364	-
Expenses	(2,093)	-
Net	<u>337,271</u>	<u>-</u>

5 Project expenses

	2018			2017		
	ROAD Education HK\$	STOP HK\$	Total HK\$	ROAD Education HK\$	STOP HK\$	Total HK\$
Salaries	-	701,632	701,632	-	764,418	764,418
Operating expenses	642,387	558,968	1,201,355	509,175	202,887	712,062
	<u>642,387</u>	<u>1,260,600</u>	<u>1,902,987</u>	<u>509,175</u>	<u>967,305</u>	<u>1,476,480</u>