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SUNRISE MINISTRY LIMITED

新曙光事工有限公司

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



進鏗會計師行
CH CPA & Co.
Certified Public Accountants

SUNRISE MINISTRY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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(EXPRESSED IN HONG KONG DOLLARS)

**SUNRISE MINISTRY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present herewith their report and the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

Sunrise Ministry Limited (the "Association") is a non-profit making organization and the principal activities of the Association are provision of religious training and activities to promote the Christian faith in Hong Kong.

BUSINESS REVIEW

The Association falls within the reporting exemption for the year and is exempted from preparing a business review under Section 388(3)(a) of the Hong Kong Companies Ordinance.

RESULTS AND APPROPRIATIONS

The results of the Association for the year ended 31 December 2019 and the state of its affairs at that date are set out in the financial statement on pages 6 to 13.

FIXED ASSETS

Details of movements in property, plant and equipment of the Company during the year are set out in note 7 to the financial statements.

DIRECTORS

The names of persons who were the directors of the Association during the year and up to the date of this report were:

SHEK Kin Wah	石建華	
WONG Kong Chuen	黃港全	Resigned on 3 April 2019
CHAN Wai Man	陳偉民	
KWOK Chi Hung	郭志雄	
HO Chi Ming	何志明	Resigned on 22 January 2020
CHOW Yin Ling Carmen	周燕玲	Appointed on 22 January 2020

In accordance with the Association's Articles of Association, all directors retire, and being eligible, offer themselves for re-election.

MANAGEMENT CONTRACTS

During the financial year, the Association entered into an administration agreement with Sunrise Christian Community (H.K.), an affiliated charitable organisation under section 88 of the Inland Revenue Ordinance. The Association shares the costs of certain facilities and administration work with this affiliated organisation, and the share basis was mutually agreed with the parties.

Except the administration agreement, no other contracts of significance concerning the management and administration of the whole or any substantial part of the activities of the Association were entered into or subsisted during the year.

**SUNRISE MINISTRY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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PERMITTED INDEMNITY PROVISIONS

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more directors of the Association.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Association.

AUDITOR

A resolution to reappoint Messrs. CH CPA & Co., Certified Public Accountants as auditor of the Company will be put at the forthcoming annual general meeting.

For and on behalf of the Board



SHEK Kin Wah
Chairman

Hong Kong, 16 September 2020



進經會計師行
CH CPA & Co.
 Certified Public Accountants

***INDEPENDENT AUDITOR'S REPORT
 TO THE MEMBERS OF SUNRISE MINISTRY LIMITED
 (INCORPORATED IN HONG KONG AS A COMPANY LIMITED BY GUARANTEE)***

Opinion

We have audited the financial statements of Sunrise Ministry Limited (the "Association") set out on pages 6 to 13, which comprise the statement of financial position as at 31 December 2019, the statement of income and expenditure and the statement of changes in equity 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 Association 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 PN 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard" issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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.

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the preparation of financial statements on the going concern basis. In view of the deficit of HK\$261,687 during the year ended 31 December 2019 and, as of that date, the significant accumulated deficit of HK\$1,113,370 and net liabilities of HK\$1,113,370, the continuance in activities as a going concern is dependent upon the availability of financial support from the committee members and the undertaking of the Association's directors not to demand repayment of debts from the Association until such time when repayment will not affect the Association's ability to repay other creditors in the normal course of activities.

The financial statements do not include any adjustments that would result from a failure to obtain such financial support and undertakings. Details of the circumstances relating to this uncertainty are described in note 3(a) to the financial statements. We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

(to be cont'd)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SUNRISE MINISTRY LIMITED
(INCORPORATED IN HONG KONG AS A COMPANY LIMITED BY GUARANTEE)
(CONTINUED)**

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.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with 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 Association'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 Association or to cease operations, or have no realistic alternative but to do so.

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

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. This 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 HKSA's 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 HKSA's, 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 Association's internal control.

(to be cont'd)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SUNRISE MINISTRY LIMITED
(INCORPORATED IN HONG KONG AS A COMPANY LIMITED BY GUARANTEE)
(CONTINUED)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Association'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 Association to cease to continue as a going concern.

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



CH CPA & Co.
Certified Public Accountants
Hong Kong, 16 September 2020

SUNRISE MINISTRY LIMITED
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2019

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	<u>NOTES</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
Income			
Course fee income		456,717	581,169
General offerings		209,401	908,196
Miscellaneous income		61,246	62,178
Offerings from facilities booking		217,563	312,723
Offerings from ministry activities		818,422	521,039
Offerings from special meetings		940,315	1,106,523
Rent sharing income		511,403	563,150
Sales of books, CDs and T-shirts		2,397	16,532
Specific offerings		1,408,789	-
Sponsorship income		-	1,052,950
		<u>4,626,253</u>	<u>5,124,460</u>
Expenditure			
Advertising expenses		7,000	8,394
Auditor's remuneration		9,800	9,500
Bank charges		5,891	3,555
Cleaning expenses		422	6,155
Computer expense		17,260	28,762
Depreciation		225,468	-
Donations to church and organisation		50,941	332,687
Donations to voluntary pastor and missionary		24,000	59,396
Furniture supplies and rental		3,552	38,691
Gifts and souvenirs		9,955	6,358
Insurance		11,076	27,626
Management fee		934,420	556,573
Miscellaneous		34,481	32,685
MPF contribution		3,960	3,600
Net foreign exchange loss		66	640
Office Supplies		3,579	14,655
Overseas travelling		2,096	15,238
Printing and stationery		40,045	59,172
Rent, rates and building management fee		2,021,083	1,886,800
Repair and maintenance		-	73,864
Salaries and allowances		79,200	81,792
Speakers' fee		106,698	49,235
Special meeting expenses		1,172,329	1,159,844
Telecommunication		12,637	9,871
Utilities expenses		59,966	45,364
Worship courses expenses		-	41,289
Votunteers' allowances		52,015	20,369
		<u>(4,887,940)</u>	<u>(4,572,115)</u>
(Deficit)/surplus for the year	4	<u>(261,687)</u>	<u>552,345</u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

SUNRISE MINISTRY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

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	<u>NOTES</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	7	856,778	-
		<u>856,778</u>	<u>-</u>
CURRENT ASSETS			
Rental and other deposits		268,000	268,400
Other receivables		111,476	2,670
Cash and cash equivalents		91,091	204,321
		<u>470,567</u>	<u>475,391</u>
CURRENT LIABILITIES			
Amount due to affiliated organisations	8	1,440,600	1,020,599
Amount due to a director	9	103,000	40,000
Receipt in advance		12,570	49,165
Accruals and other payables		884,545	217,310
		<u>2,440,715</u>	<u>1,327,074</u>
NET CURRENT LIABILITIES		<u>(1,970,148)</u>	<u>(851,683)</u>
NET LIABILITIES		<u>(1,113,370)</u>	<u>(851,683)</u>
REPRESENTED BY:			
Accumulated deficit		<u>(1,113,370)</u>	<u>(851,683)</u>

The financial statements were approved and authorised for issue by the Board of Directors on 16 September 2020 and are signed on its behalf by :


 SHEK Kin Wah
 Director


 KWOK Chi Hung
 Director

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

SUNRISE MINISTRY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

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	Accumulated <u>deficit</u> HK\$
Balances at 31 December 2017 and 1 January 2018	(1,404,028)
Surplus for the year	552,345
Balances at 31 December 2018 and 1 January 2019	<u>(851,683)</u>
Deficit for the year	(261,687)
Balances at 31 December 2019	<u><u>(1,113,370)</u></u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

1. REPORTING ENTITY

Sunrise Ministry Limited (the "Association") is an association incorporated in Hong Kong with limited by guarantee without a share capital under the Hong Kong Companies Ordinance.

The Association's registered office is located at 16th Floor, Hub 8, 239 Temple Street, Jordan, Kowloon, Hong Kong.

Every member of the Association undertakes to contribute to the assets of the Association if required in the event of its being wound up such amounts not exceeding HK\$10.

2. PRINCIPAL ACTIVITIES

The Association is a non-profit making organization and the principal activities of the Association are provision of religious training and activities to promote the Christian faith in Hong Kong.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) The Association qualifies for the reporting exemption as a small 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.

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

Although the Association has a deficiency of current assets and significant accumulated deficit, the directors have undertaken not to demand repayment of debts from the Association until such time when repayment will not affect the Association's ability to repay other creditors in the normal course of activities and the committee members have also undertaken to render adequate financial support to the Association enabling the Association to continue as a going concern.

The measurement base adopted is the historical cost convention.

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

(b) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably. Revenue is measured on the following basis:

- (i) Sale of books, CDs or T-shirts is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer.
- (ii) Rental income is recognised on a time proportion basis over the lease terms.
- (iii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.
- (iv) Service fee income of course and training is recognised when the services are provided.
- (v) Offerings from donor is recognised on a receipt basis.

3. **BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

(c) **Related parties**

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(d) **Foreign exchange**

Foreign currency transactions and foreign currency non-monetary items are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the balance sheet date. Gains and losses on foreign exchange are recognised in the statement of income and expenditure.

(e) **Impairment of assets**

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the statement of income and expenditure. 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 losses been recognised for the asset in prior years.

(f) **Trade and other receivables**

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

(g) **Leases**

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the statement of income and expenditure on a straight-line basis over the lease term.

(h) **Provisions and contingent liabilities**

Provisions are recognised for other liabilities of uncertain timing or amount when the Association 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 nonoccurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

SUNRISE MINISTRY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. **BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

(i) Property, plant and equipment

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

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

Decoration and fitting	25%
Furniture and equipment	25%

4. **(DEFICIT)/SURPLUS FOR THE YEAR**

	<u>2019</u> HK\$	<u>2018</u> HK\$
(Deficit)/surplus for the year is arrived at after charging the following items:		
Key management personnel's remuneration	-	-
Other staff costs	83,160	85,392
Including: Contributions to the MPF Scheme	3,960	3,600
Auditor's remuneration	9,800	9,500
Depreciation	225,468	-
Net foreign exchange loss	66	640
Operating leases - Land and buildings	<u>2,021,083</u>	<u>1,886,800</u>
And after crediting the following items:		
Bank interest income	20	2
Rental sharing income	<u>511,403</u>	<u>563,150</u>

5. **TAXATION**

The Association has been exempted under section 88 of the Inland Revenue Ordinance from any tax by reason of it being a charitable institution of a public character.

6. **DIRECTORS' EMOLUMENTS**

The directors received no remuneration for their services to the Association during the year (2018: Nil).

7. *PROPERTY, PLANT AND EQUIPMENT*

	Decoration and fitting	Furniture and equipment	Total
	HK\$	HK\$	HK\$
Cost			
Additions	900,291	181,955	1,082,246
As at 31 December 2019	<u>900,291</u>	<u>181,955</u>	<u>1,082,246</u>
Accumulated depreciation			
Charge for the year	187,561	37,907	225,468
As at 31 December 2019	<u>187,561</u>	<u>37,907</u>	<u>225,468</u>
Net book value			
As at 31 December 2019	<u>712,730</u>	<u>144,048</u>	<u>856,778</u>

8. *AMOUNTS DUE TO AFFILIATED ORGANISATIONS*

	<u>2019</u>	<u>2018</u>
	HK\$	HK\$
Sunrise Christian Community (Hong Kong)	1,140,083	853,960
Sunrise Christian Community	<u>300,517</u>	<u>166,639</u>
	<u>1,440,600</u>	<u>1,020,599</u>

Sunrise Christian Community (Hong Kong) is a Christian organisation in Hong Kong and a charitable organisation under section 88 of the Inland Revenue Ordinance. Rev. Shek Kin Wah, the director of the Association, is also a senior pastor of this affiliated organisation.

Sunrise Christian Community is a Christian organisation in the United States of America. Rev. Shek Kin Wah, the director of the Association, is also a committee member of this affiliated organisation.

The amounts due are unsecured, interest free and repayable on demand.

9. *AMOUNT DUE TO A DIRECTOR*

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

10. COMMITMENTS UNDER OPERATING LEASES

The Association had the following total future minimum lease payments payable under non-cancellable operating leases:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Not later than one year	1,095,600	682,000
Later than one year	<u>1,994,200</u>	<u>175,200</u>
	<u>3,089,800</u>	<u>857,200</u>

11. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Association had the following transactions with Sunrise Christian Community (Hong Kong):

	<u>2019</u> HK\$	<u>2018</u> HK\$
Rental sharing income from an affiliated organisation	468,063	419,150
Rental sharing income from a related company	43,340	144,000
Rental paid to an affiliated organisation	521,675	689,700
Management fee income from an affiliated organisation	25,400	-
Management fee paid to an affiliated organisation	<u>934,420</u>	<u>556,573</u>

Rev. Shek Kin Wah, a director of the Association, is also a pastor of this affiliated organization and the related company.