

**INTERNATIONAL CHURCH OF THE
FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Reports and Financial Statements
For the year ended 31 March 2023

宋潤霖會計師事務所
William Y. L. Sung & Co.
Certified Public Accountants
HONG KONG

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Reports and Financial Statements

For the year ended 31 March 2023

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INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT LIMITED

Report of the District Executive Council

For the year ended 31 March 2023

The district executive council presents the annual report together with the audited financial statements for the year ended 31 March 2023.

Principal activities

The principal activities of the association are to propagate and disseminate in Hong Kong, Macau and other parts of the world the religious principles embraced in the Foursquare Gospel as presented in the "Declaration of Faith".

Financial statements

The surplus of the association for the year ended 31 March 2023 and the state of the association's affairs as at that date are set out in the attached financial statements.

Property, plant and equipment

The movements in property, plant and equipment during the year are set out in note 4 to the financial statements.

Funds

The movements in funds during the year are set out in statement of changes in funds.

District executive council members

The district executive council members of the association during the year and up to the date of this report were as follows:

	Date of appointment	Date of resignation
Rev. Cheung Vee Bon		
Mr. Chuk Wai Chun, Winston		
Mr. Kwan Kwok Wah		
Ms. Kong Shuk Wah, Florence		
Rev. Kwong Tak Shing	10/11/2022	
Ms. Fung Ching Ching	10/11/2022	
Mr. Lee Cheuk Bun	10/11/2022	
Rev. Wong Vai Chan		10/11/2022
Mr. Leung Kam Wa		10/11/2022
Mr. Leung Yu Chiu, Raymond		10/11/2022

In accordance with the articles of association, the district executive council members are on 2-year tenure and are due for retirement in the forthcoming annual general meeting and being eligible, offer themselves for re-election.

District executive council member's interests

No contract of significance in relation to the association's operation to which the association was a party and in which a district executive council member had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

Management contracts

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

(continue)

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT LIMITED

Report of the District Executive Council

For the year ended 31 March 2023

Business review

The association was incorporated in Hong Kong as a company limited by guarantee and was formed with the mission as set out in the principal activities paragraph.

1) Review of the association's operations

The association engaged in the following operations during the year:

- (a) Thanks go to all members and donors. The association received offering income and donations over HK\$18 million from the general public. Overall speaking, the district executive council considers that the financial result of the year is satisfactory.
- (b) Government subvention from social welfare department of about HK\$11 million for providing social services.
- (c) Holding time deposits with reputable banks for earning interest income.
- (d) Letting property for generating steady rental income.

2) Principal risks and uncertainties facing the association

The district executive council considers that the principal risks and uncertainties facing the association are set out in note 17 to the financial statements.

3) Key performance indicator

The association is always committed to maximising its operating surplus with the objective to support its principal activities as set out in the principal activities paragraph. Therefore, the overall performance of the association can be indicated by the offering income and donations received as stated in the attached Statement of Comprehensive Income.

4) Key relationships that have a significant impact on the association's success

The association's success is significantly affected by the ability and performance of the employees. Therefore, the performance of the employees has been monitored continuously. On the other hand, the association has established a long term good working relationship with The Bank of East Asia, Limited, The Hongkong and Shanghai Banking Corporation Limited, Chong Hing Bank Limited and Bank of China (Hong Kong) Limited, which have been offering good banking services and attractive interest rates for time deposits for long time. The district executive council believes that keeping such good relationship will benefit the association in the long run.

5) The association's environmental policies and compliance with the relevant laws

Across the association, the association applies the principles of reduce, reuse, repair and recycle to minimise its environmental impacts.

Auditors

The financial statements have been audited by William Y. L. Sung & Co. who now offer themselves for re-appointment.

On behalf of the District Executive Council



Rev. Cheung Vee Bon
Chairman

Hong Kong, 5 October 2023

Independent Auditor's Report

To the members of INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT LIMITED

(incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of International Church of the Foursquare Gospel - Hong Kong District Limited ("the association") set out on pages 5 to 28, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the association as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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.

Information other than the financial statements and auditor's report thereon

The district executive council is responsible for the other information. The other information comprises all the information included in the report of the district executive council, 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 district executive council for the financial statements

The district executive council is responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the district executive council determines 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 district executive council is 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 district executive council either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report

To the members of
INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED
(incorporated in Hong Kong with limited liability by guarantee)

Auditor's responsibility for the audit of the financial statements

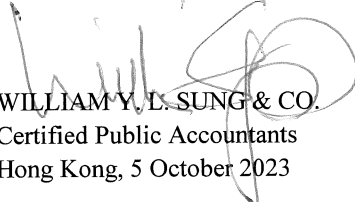
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance (Cap. 622), 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the district executive council.
- Conclude on the appropriateness of the district executive council's 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the district executive council 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.


WILLIAM Y. L. SUNG & CO.
Certified Public Accountants
Hong Kong, 5 October 2023


**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

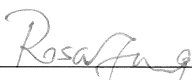
Statement of Financial Position

As at 31 March 2023

	NOTE	2023 HK\$	2022 HK\$
Non-current assets			
Property, plant and equipment	4	35,876,009.27	37,247,985.94
Current assets			
Inventories	5	94,630.00	97,472.00
Accounts and other receivables	6	1,027,104.32	1,254,705.08
Cash and cash equivalents	7(a)	43,577,921.37	40,492,712.83
		44,699,655.69	41,844,889.91
Current liabilities			
Accounts and other payables		(81,846.96)	(113,327.15)
Rental deposit received		(70,000.00)	(70,000.00)
Loan and advance	8	(3,035,000.00)	(3,717,000.00)
Lease liabilities	9	(317,500.00)	(345,500.00)
		(3,504,346.96)	(4,245,827.15)
Net current assets		41,195,308.73	37,599,062.76
Non-current liabilities			
Lease liabilities	9	(87,500.00)	(119,077.00)
NET ASSETS		76,983,818.00	74,727,971.70
Represented by:			
FUNDS	10	76,983,818.00	74,727,971.70

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


Rev. Cheung Vee Bon
Chairman


Ms. Fung Ching Ching
Treasurer

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Statement of Comprehensive Income

For the year ended 31 March 2023

	NOTE	2023 HK\$	2022 HK\$
Income			
Offering income		17,257,063.18	17,880,808.55
Government subvention for social services		11,468,102.00	11,408,944.00
Fundraising income for social services		725,822.32	1,401,913.00
Designated fund received		447,616.50	731,295.90
Special project income	11	1,560,000.00	2,038,312.65
Activities income		496,755.00	521,130.50
Membership fee received		58,926.00	36,561.00
Rental income		298,220.00	154,760.00
Bank interest received		350,735.79	73,072.21
Other donations and sundry income		836,497.23	1,017,812.25
		<u>33,499,738.02</u>	<u>35,264,610.06</u>
Expenditure			
Administrative expenses	12	27,061,199.47	27,403,277.57
Mission expenses		656,939.51	674,310.50
Ministry expenses		1,083,795.13	1,007,555.69
Designated fund expenses		608,481.63	918,227.00
Group, activities and programme expenses		1,989,616.86	2,277,630.01
		<u>31,400,032.60</u>	<u>32,281,000.77</u>
Surplus for the year		2,099,705.42	2,983,609.29
Other comprehensive income/(expense) for the year			
Net income/(expense) taken directly to funds		156,140.88	(98,448.60)
Total comprehensive income for the year		<u>2,255,846.30</u>	<u>2,885,160.69</u>

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

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Statement of Changes in Funds

For the year ended 31 March 2023

	General fund (See note 10) HK\$	FMTI fund HK\$	Mission fund HK\$	Welfare fund HK\$	Relief fund HK\$	School funds (See note 10) HK\$	Social concern funds (See note 10) HK\$	Total HK\$
At 1 April 2021	56,977,996.63	152,811.16	517,365.04	595,471.48	238,101.50	5,807,547.23	7,553,517.97	71,842,811.01
Total comprehensive income for the year	2,983,609.29	-	-	-	-	-	(98,448.60)	2,885,160.69
Transfers	397,823.67	478.12	(55,089.43)	1,790.30	111,170.00	20,747.70	(476,920.36)	-
At 31 March 2022	60,359,429.59	153,289.28	462,275.61	597,261.78	349,271.50	5,828,294.93	6,978,149.01	74,727,971.70
Total comprehensive income for the year	2,099,705.42	-	-	-	-	-	156,140.88	2,255,846.30
Transfers	(1,182,695.30)	2,101.58	(26,008.18)	9,189.30	(25,431.63)	89,441.05	1,133,403.18	-
At 31 March 2023	61,276,439.71	155,390.86	436,267.43	606,451.08	323,839.87	5,917,735.98	8,267,693.07	76,983,818.00

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Statement of Cash Flows

For the year ended 31 March 2023

	NOTE	2023 HK\$	2022 HK\$
Operating activities			
Net cash generated from operating activities	7(b)	4,987,044.04	4,719,106.41
Investing activities			
Payment for purchase of property, plant and equipment		(740,258.50)	(792,772.84)
(Increase)/Decrease in long term fixed deposits		(698,860.12)	5,562,184.90
Net cash (used in)/generated from investing activities		(1,439,118.62)	4,769,412.06
Financing activities			
Repayment of loan and advance, net	7(c)	(682,000.00)	(743,000.00)
Repayment of lease liabilities	7(c)	(479,577.00)	(243,923.00)
Net cash used in financing activities		(1,161,577.00)	(986,923.00)
Net increase in cash and cash equivalents		2,386,348.42	8,501,595.47
Cash and cash equivalents at beginning of year		30,086,816.75	21,585,221.28
Cash and cash equivalents at ending of year	7(a)	32,473,165.17	30,086,816.75

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

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT LIMITED

Notes to the Financial Statements

For the year ended 31 March 2023

Reporting entity

International Church of the Foursquare Gospel - Hong Kong District Limited ("the association") is a company incorporated in Hong Kong with limited liability by guarantee. The association's registered office is located at 3rd Floor, Foursquare Mansion, 215-219 Sai Yeung Choi Street North, Kowloon, Hong Kong. The principal activities of the association are to propagate and disseminate in Hong Kong, Macau and other parts of the world the religious principles embraced in the Foursquare Gospel as presented in the "Declaration of Faith".

1) Association structure and basis of combination

During the year ended 31 March 2023, the association had the following parish churches, elderly centres and schools:

a) Parish churches:

- South China Foursquare Gospel Church
- Tai Kok Tsui Church of Foursquare Gospel
- Choi Ping Church of Foursquare Gospel
- International Church of the Foursquare Gospel Lung Hang Church
- Living Spring Foursquare Gospel Church
- Tuen Mun Church of the Foursquare Gospel
- Kin Sang Foursquare Gospel Church

b) Elderly centres operated under Social Concern Department:

- I.C.F.G. Kin Sang Church Elderly Centre
- I.C.F.G. Lung Hang Church Elderly Centre

c) Schools operated under School Department:

- Semple Kindergarten
- Semple Memorial Secondary School

The association is the school sponsoring body ("SSB") for the above schools. The district executive council regards that inclusion of school's financial information is not necessary as the SSB and the school's incorporated management committee are two different legal entities and the association does not involve in the school's day-to-day operation.

2) Significant accounting policies

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable requirements of the Companies Ordinance. A summary of the significant accounting policies is set out below.

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the association. None of these developments have had material effect on how the association's result and financial position for the current or prior periods have been prepared or presented. The association has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

2) Significant accounting policies (continued)

b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires district executive council to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the district executive council in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation certainty are disclosed in note 3.

c) Property, plant and equipment

Items of property, plant and equipment are stated at cost or at deemed cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Expenditure incurred after an item of property, plant and equipment has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to surplus or deficit in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold or retired, its cost and accumulated depreciation are eliminated from the financial statements and any gain or loss resulting from the disposal is recognised in surplus or deficit.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives at the following annual rates:

Owned assets

Furniture, fixtures and equipment	20%
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Right-of-use assets

Leasehold properties held for own use	Over the lease term
Property leased for own use	Over the lease term

d) Inventories

Inventories are stated at the lower of cost (using a first-in, first out basis) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(continue)

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

2) Significant accounting policies (continued)

e) Accounts and other receivables

A receivable is recognised when the association has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are initially recognised at fair value and thereafter stated at amortised cost less loss allowance for expected credit losses, except where the receivables are interest free advances without any fixed repayment terms or the effect of discounting would be immaterial, then they are stated at cost less any loss allowance for expected credit losses.

The association recognised the loss allowance for expected credit losses as an impairment loss in surplus or deficit with a corresponding adjustment to the carrying amounts through a loss allowance account. Loss allowance for expected credit losses is re-measured at the end of the reporting period to reflect the credit risk changes since initial recognition and any changes in the amount of loss allowance for expected credit losses is recognised as an impairment reversal or deficit in surplus or deficit.

The loss allowance for expected credit losses is measured at an amount equal to lifetime expected credit losses. The expected credit losses are estimated by reference to both quantitative and qualitative information that is reasonable, supportable and available without undue cost or effort, including the historical experience of past events for credit loss, the current and forecast economic conditions and the specific factors to debtors. In assessing whether credit risk has increased significantly since initial recognition, the association considers that an event of default or credit-impaired occurs when the debtor is unlikely to pay its credit obligations in full and compares any changes on the default risk either on an individual basis or a collective basis at the end of the reporting period with the date of initial recognition. The gross carrying amount of receivable is written off, either partially or in full, to the extent which the association considers that there is no realistic prospect of recovery.

f) Impairment of assets

At the end of the reporting period, the association reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss, except for the carrying amounts of assets which are required to measure the loss allowance for expected credit loss at the end of the reporting period as stated in other accounting policies. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss measured as the difference between the carrying amount and the recoverable amount is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

g) Accounts and other payables

Payables are initially recognised at fair value and thereafter stated at amortised cost except where the payables are interest free advances without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at cost.

(continue)

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

2) Significant accounting policies (continued)

h) Recognition of income

- (i) Offering income, designated fund received, activities income, membership fee received, other donations and sundry income as well as bank interest received are recorded on cash basis.
- (ii) Government subvention for social services is recognised when there is reasonable assurance that the association will comply with the conditions, if any, attached to them and that the subventions will be received. Subventions that compensate association for expenses incurred are recognised as income in surplus or deficit on a systematic basis in the same periods in which the expenses are incurred. Subventions that compensate the association for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in surplus or deficit over the useful life of the asset by way of reduced depreciation expense.
- (iii) Fundraising income for social services is recognised when the association becomes entitled to the donations and it is probable that they will be received, which is generally upon the receipt of cash. Any surplus of receipts over expenditure on the association's activities are classified as accounts payable under current liabilities if refundable to respective donors and funds if repayment is not required by donors.
- (iv) Special project income is recognised when the project services are rendered.
- (v) Rental income is recognised on a straight-line basis over the lease term.

i) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the association will comply with the conditions attaching to them. Grants that compensate the association for expenses incurred are deducted in reporting the related expense on a systematic basis in the same periods in which the expenses are incurred.

j) Employee benefits

- (i) Short term employee benefits and contributions to defined contribution retirement plans:
Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) Termination benefits:
Termination benefits are recognised at the earlier of when the association can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(continue)

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

2) Significant accounting policies (continued)

k) Leases

(i) As a lessee:

All leases with a term of more than 12 months are recognised (i.e. an asset representing the right to use of the underlying asset and a liability representing the obligation to make lease payments), unless the underlying asset is of low value. Both the asset and the liability are initially measured on a present value basis. Right-of-use assets are recognised under property, plant and equipment and are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the assets and the lease term. Lease liabilities are initially measured at the present value of unpaid lease payments and subsequently adjusted by the effect of the interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

(ii) As a lessor:

Leases where substantially all the risks and rewards of ownership of assets remain with the association are classified as operating leases. Assets leased under operating leases are included in property, plant and equipment and rentals receivable are credited to surplus or deficit on the straight-line basis over the lease term.

l) Taxation

No provision for taxation has been made in the financial statements as the association is an approved charitable institution exempted from tax under section 88 of the Inland Revenue Ordinance.

m) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

n) Related parties

(i) A person, or a close member of that person's family, is related to the association if that person:

- (1) has control or joint control over the association;**
- (2) has significant influence over the association; or**
- (3) is a member of the key management personnel of the association.**

(ii) An entity is related to the association if any of the following conditions applies:

- (1) The entity is a post-employment benefit plan for the benefit of employees of either the association or an entity related to the association.**
- (2) The entity is controlled or jointly controlled by a person identified in (i).**
- (3) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).**
- (4) The entity provides key management personal services to the association.**

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

3) Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The association makes estimates and assumptions concerning the future. The resulting accounting estimates may not be equal to the related actual results. The estimates and assumptions that have a significant effect on the carrying amount of assets or liabilities are discussed below.

a) Useful lives of property, plant and equipment

The association determines the estimated useful lives for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

b) Impairment of property, plant and equipment

The association reviews the property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount in accordance with the accounting policy stated in note 2(f). The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculation. The value-in-use calculation requires the association to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value, which has been prepared on the basis of association's assumptions and estimates.

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

4) Property, plant and equipment

a) Reconciliation of carrying amount

	Leasehold properties held for own use (Right-of-use assets) <i>HK\$</i>	Furniture, fixtures and equipment (Owned assets) <i>HK\$</i>	Total <i>HK\$</i>
Cost or deemed cost:			
At 1 April 2021	41,935,963.00	17,254,622.88	59,190,585.88
Additions	-	792,772.84	792,772.84
At 31 March 2022	41,935,963.00	18,047,395.72	59,983,358.72
Additions	-	740,258.50	740,258.50
At 31 March 2023	41,935,963.00	18,787,654.22	60,723,617.22
Accumulated depreciation:			
At 1 April 2021	6,028,562.00	14,721,090.39	20,749,652.39
Charge for the year	1,031,222.00	1,419,075.39	2,450,297.39
At 31 March 2022	7,059,784.00	16,140,165.78	23,199,949.78
Charge for the year	1,031,222.00	1,021,436.17	2,052,658.17
At 31 March 2023	8,091,006.00	17,161,601.95	25,252,607.95
Net carrying amount:			
At 31 March 2023	33,844,957.00	1,626,052.27	35,471,009.27
At 31 March 2022	34,876,179.00	1,907,229.94	36,783,408.94

Before applying HKAS 16 "Property, plant and equipment", all property, plant and equipment were fully written off by the association as expenditure in the year of acquisition. The association applied the HKAS 16 on 1 April 2005. Based on this accounting standard, property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

Properties which are located at Ground floor, 1st floor and 2nd floor of Foursquare Mansion, No. 215-219 Sai Yeung Choi Street North, Kowloon are being gifts acquired by the association under memorial no. 2620761 (30 July 1984) and memorial no. 5854988 (30 September 1993).

Except for the above mentioned properties, all other properties are accounted for in accordance with accounting policies as set out in note 2(c), note 2(f) and note 2(k).

All properties are held in Hong Kong under medium-term leases.

(continue)

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements
For the year ended 31 March 2023

4) Property, plant and equipment (continued)

a) Reconciliation of carrying amount (continued)

	Property leased for own use (Right-of-use assets) <i>HK\$</i>
Net carrying amount:	
At 1 April 2021	297,500.00
Inception of lease contract	516,000.00
Depreciation	(348,923.00)
	<hr/>
At 31 March 2022	464,577.00
Inception of lease contract	420,000.00
Depreciation	(479,577.00)
	<hr/>
At 31 March 2023	<u>405,000.00</u>

The association leases properties for its own use. Lease contracts are entered for a fixed term of two years.

b) Right-of-use assets

The analysis of the net carrying amount of right-of-use assets by class of underlying asset is as follows:

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Leasehold properties held for own use	33,844,957.00	34,876,179.00
Properties leased for own use	405,000.00	464,577.00
	<hr/>	<hr/>
	<u>34,249,957.00</u>	<u>35,340,756.00</u>

5) Inventories

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Stocks (Health products)	94,630.00	97,472.00
	<hr/>	<hr/>

The amount of inventories recognised as an expense and included in surplus or deficit is HK\$224,024.00 (2022: HK\$252,859.00).

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

6) Accounts and other receivables

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Accounts receivable	849,589.25	886,164.55
Deposits and prepayments	177,515.07	368,540.53
	<u>1,027,104.32</u>	<u>1,254,705.08</u>

The amount of deposits and prepayments expected to be recovered or recognised as expense after one year is HK\$153,581.00 (2022: HK\$150,781.00). All of the other receivables are expected to be recovered or recognised as expense within one year.

7) Cash and cash equivalents and other cash flow information

a) Cash and cash equivalents comprise:

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Cash in hand	19,990.00	19,990.00
Current and saving accounts	11,860,481.89	18,209,826.75
Fixed deposits - Maturity within 3 months at acquisition	20,592,693.28	11,857,000.00
Cash and cash equivalents in the statement of cash flows	<u>32,473,165.17</u>	<u>30,086,816.75</u>
Fixed deposits - Maturity over 3 months at acquisition	11,104,756.20	10,405,896.08
Cash and bank balances in the statement of financial position	<u>43,577,921.37</u>	<u>40,492,712.83</u>

(continue)

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

7) Cash and cash equivalents and other cash flow information (continued)

b) Reconciliation of surplus to net cash generated from operating activities

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Cash flows from operating activities:		
Total comprehensive income for the year	2,255,846.30	2,885,160.69
Adjustments for:		
Depreciation on property, plant and equipment	2,532,235.17	2,799,220.39
Rent concessions related to COVID-19	-	(105,000.00)
Interest income	(350,735.79)	(73,072.21)
Operating surplus before changes in working capital	4,437,345.68	5,506,308.87
(Increase)/Decrease in inventories	2,842.00	(65,489.50)
(Increase)/Decrease in accounts and other receivables	227,600.76	(780,143.11)
Increase/(Decrease) in accounts and other payables	(31,480.19)	(14,642.06)
Cash generated from operations	4,636,308.25	4,646,034.20
Interest received	350,735.79	73,072.21
Net cash generated from operating activities	4,987,044.04	4,719,106.41

c) Reconciliation of liabilities arising from financing activities

The table below details changes in the association's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financial activities are liabilities for which cash flows were, or future cash flows will be, classified in the association's statement of cash flows as cash flows from financing activities.

	Loan and advance <i>HK\$</i>	Lease liabilities <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2021	4,460,000.00	297,500.00	4,757,500.00
Changes from financing cash flows:			
Inception of lease contract	-	516,000.00	516,000.00
Rent concessions	-	(105,000.00)	(105,000.00)
Repayment of loan and advance	(743,000.00)	-	(743,000.00)
Repayment of lease liabilities	-	(243,923.00)	(243,923.00)
At 31 March 2022	3,717,000.00	464,577.00	4,181,577.00
Changes from financing cash flows:			
Inception of lease contract	-	420,000.00	420,000.00
Repayment of loan and advance	(682,000.00)	-	(682,000.00)
Repayment of lease liabilities	-	(479,577.00)	(479,577.00)
At 31 March 2023	3,035,000.00	405,000.00	3,440,000.00

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

8) Loan and advance

The loan and advance are unsecured, interest free and repayable on demand.

9) Lease liabilities

At 31 March 2023, the lease liabilities were repayable as follows:

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Within one year	317,500.00	345,500.00
After 1 year but within 2 years	87,500.00	119,077.00
	<u>405,000.00</u>	<u>464,577.00</u>

10) Funds

Funds are defined as resources that the association has or can make available to spend for Missionary and charitable purposes. The amount of the association's funds and the movements therein for the current and prior years are presented in the statement of changes in funds.

The association's objective when managing its funds is to safeguard the association's ability to continue as a going concern in order to carry out its principal activities.

a) General fund

Movement and breakdown of general fund are as follows:

	Head office and churches <i>HK\$</i>	Social concern department <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2021	55,517,704.77	1,460,291.86	56,977,996.63
Total comprehensive income for the year	1,516,416.26	1,467,193.03	2,983,609.29
Transfer from/(to) other funds	(79,096.69)	476,920.36	397,823.67
	<u>56,955,024.34</u>	<u>3,404,405.25</u>	<u>60,359,429.59</u>
At 31 March 2022	56,955,024.34	3,404,405.25	60,359,429.59
Total comprehensive income for the year	1,636,369.98	463,335.44	2,099,705.42
Transfer to other funds	(49,292.12)	(1,133,403.18)	(1,182,695.30)
	<u>58,542,102.20</u>	<u>2,734,337.51</u>	<u>61,276,439.71</u>
At 31 March 2023	58,542,102.20	2,734,337.51	61,276,439.71

(continue)

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

10) Funds (continued)

b) FMTI fund

FMTI fund was initially set up for providing support to Foursquare Ministries Training Institute. However, the institute has been suspended.

c) Mission fund

Mission fund is set up for providing funding for various mission activities.

d) Welfare fund

Welfare fund represents donation received and its usage is specified by the donor for welfare purpose only.

e) Relief fund

Relief fund represents donation received with purpose to provide ad-hoc support to those who are in emergency need.

f) School funds

(i) ED building fund

ED building fund is set up for funding renovation expenses of Semple Kindergarten in future.

(ii) ED ministry fund

ED ministry fund is set up for funding ministry activities with preference given to education-related.

(iii) Movement and breakdown of school funds are as follows:

	ED building fund <i>HK\$</i>	ED ministry fund <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2021	3,699,588.35	2,107,958.88	5,807,547.23
Transfer from general fund	12,747.66	8,000.04	20,747.70
At 31 March 2022	3,712,336.01	2,115,958.92	5,828,294.93
Transfer from general fund	56,952.93	32,488.12	89,441.05
At 31 March 2023	3,769,288.94	2,148,447.04	5,917,735.98

(continued)

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

10) Funds (continued)

g) Social concern funds

(i) Central development fund

Central development fund represents a commitment towards long-term development work in elderly services.

(ii) Programme fund

Programme fund is used to provide funding for various projects and programmes related to social services and elderly services.

(iii) Social service development fund

Social service development fund represents a commitment towards long-term development work in social services.

(iv) Elderly service development fund

Elderly service development fund is an initial set up fund for self-financing project in future.

(v) Healthy aged square fund

Healthy aged square fund is set up for funding a project of Healthy Aged Square. Healthy Aged Square is a self-financing project which provides healthy products and services at an affordable price for the elderly. Its surplus will be reinvested in the business for the elderly services.

(vi) Provident fund reserve

Provident fund reserve represents surplus or deficit of government subvention for provident fund contribution.

(vii) Long term financial viability fund

Long term financial viability fund represents surplus of lump sum grant which is related to additional allocation received from the Social Welfare Department.

(viii) Lump sum grant reserve

Lump sum grant reserve represents surplus of lump sum grant which is not related to the additional allocation received from the Social Welfare Department.

(ix) Flag day fund

Flag day fund represents donations received less expenses from flag day events. All donations raised from these events are used for providing elderly services.

(continue)

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

11) Special project income

Special project income represents service fee received and receivable from Occupational Deafness Compensation Board under the Occupational Deafness Rehabilitation Network.

12) Administrative expenses

	2023	2022
	<i>HK\$</i>	<i>HK\$</i>
Advertising	6,944.00	2,852.00
Audit fee	77,000.00	76,250.00
Bank charges	6,813.40	7,263.36
Cleaning expenses	69,530.10	78,248.00
Depreciation on property, plant and equipment	2,532,235.17	2,799,220.39
Electricity, gas and water	263,345.50	246,443.93
Insurance	237,413.04	300,203.32
Membership fee	212,969.52	209,088.54
Office supplies expenses	55,369.99	61,966.80
Postage and postage box hire	9,766.40	9,101.10
Printing and stationery	132,426.05	143,193.48
Provident fund contribution	1,418,590.69	1,360,038.36
Rent, rates and management fee	995,585.06	987,708.18
Repairs and maintenance	193,645.80	266,328.60
Salaries and allowance	20,582,813.53	20,518,823.97
Storage charges	24,155.00	-
Sundry expenses	91,374.44	169,737.01
Telephone, fax and internet access	98,324.95	93,828.13
Travelling expenses	52,896.83	72,982.40
	<u>27,061,199.47</u>	<u>27,403,277.57</u>

13) Taxation

No provision for taxation is required in these financial statements as the association is exempt from taxation pursuant to section 88 of the Hong Kong Inland Revenue Ordinance.

14) Key management personnel's remuneration

The remuneration of key management personnel during the year was as follows:

	2023	2022
	<i>HK\$</i>	<i>HK\$</i>
Short-term employee benefits	<u>1,478,956.90</u>	<u>1,327,176.00</u>

No district executive council members receive any fees or other remuneration for serving as a council member.

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

15) Operating lease arrangements

At 31 March 2023, the association, as a lessor, has the following total future minimum lease payments receivable under non-cancellable operating lease with its tenant:

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Within one year	335,000.00	270,000.00
In the second to fifth years inclusive	150,000.00	485,000.00
	<u>485,000.00</u>	<u>755,000.00</u>

The lease runs for 3 years and will expire in August 2024.

16) Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of reporting period are as follows:

a) Financial assets

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Financial assets at amortised cost:		
Accounts and other receivables	1,016,058.25	1,048,429.55
Cash and cash equivalents	43,577,921.37	40,492,712.83
	<u>44,593,979.62</u>	<u>41,541,142.38</u>

b) Financial liabilities

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Financial assets at amortised cost:		
Accounts and other payables	81,846.96	113,327.15
Rental deposit received	70,000.00	70,000.00
Loan and advance	3,035,000.00	3,717,000.00
Lease liabilities	405,000.00	464,577.00
	<u>3,591,846.96</u>	<u>4,364,904.15</u>

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

17) Financial risk management

The association is exposed to the following financial risks arising from in the normal course of its operations and financial instruments. The association's risk management objectives, policies and processes mainly focus on minimising the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

a) Credit risk

The association is exposed to credit risk on financial assets, mainly attributable to cash and cash equivalents. The association's surplus cash has been deposited with a number of reputable and creditworthy banks. The fixed deposits usually have maturities of three months or less. The association does not expect that there will be any significant credit risk associated with them.

With respect to credit risk arising from the other financial assets of the association, which comprise accounts receivable as well as rental and utility deposits, the association's exposure to credit risk arises from default of the counterparty. The exposures to these credit risks are monitored on an ongoing basis.

b) Interest rate risk

The association's exposure to interest rate risk mainly arises from its deposits with banks. Generally, the association holds fixed deposits with banks with maturity within three months to minimise the interest rate risk.

Interest-bearing assets:

	2023 HK\$	2022 HK\$
Cash at banks	9,028,310.73	13,553,696.92
Fixed deposits with banks	31,697,449.48	22,262,896.08
	<u>40,725,760.21</u>	<u>35,816,593.00</u>

Assuming that the amount of interest-bearing assets at the end of reporting period was unchanged for the whole year with all other variables held constant, a 50 basis point increase/decrease in interest rate at 31 March 2023 and 2022 would have increased/decreased the association's surplus by HK\$203,628 and HK\$179,083 respectively. The analysis is prepared on the same basis for 2022.

c) Foreign currency risk

The association has no exposure to foreign currency risk as the association has no foreign currency transactions and balances in the normal course of association's operations.

d) Securities price risk

The association has no exposure to securities price risk as no securities are held in the normal course of association's operations.

(continue)

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

17) Financial risk management (continued)

e) Liquidity risk

The association is exposed to liquidity risk on financial liabilities. It manages its fund conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

The maturity profile of the association's financial liabilities as at the end of reporting period, based on the contractual undiscounted payments, was as follows:

	Within 1 year or on demand <i>HK\$</i>	More than 1 year but less than 5 years <i>HK\$</i>	Total <i>HK\$</i>
<u>2023</u>			
Accounts and other payables	81,846.96	-	81,846.96
Rental deposit received	70,000.00	-	70,000.00
Loan and advance	3,035,000.00	-	3,035,000.00
Lease liabilities	317,500.00	87,500.00	405,000.00
	<u>3,504,346.96</u>	<u>87,500.00</u>	<u>3,591,846.96</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<u>2022</u>			
Accounts and other payables	113,327.15	-	113,327.15
Rental deposit received	70,000.00	-	70,000.00
Loan and advance	3,717,000.00	-	3,717,000.00
Lease liabilities	345,500.00	119,077.00	464,577.00
	<u>4,245,827.15</u>	<u>119,077.00</u>	<u>4,364,904.15</u>

f) Fair value measurement

At 31 March 2023, there were no financial assets and liabilities measured at fair value (2022: Nil). The carrying amounts of the association's financial instruments carried at cost or amortised cost are not materially different from their fair value as at 31 March 2023 and 2022.

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

18) Related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the association had the following transactions with related parties:

The following amounts are included in the statement of financial position in respect of the amounts due to related parties:

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
International Church of the Foursquare Gospel		
- Loan and advance	1,225,000.00	1,525,000.00
- Lease liabilities	297,500.00	87,500.00

In August 2022, the association entered into a two-year lease in respect of leasehold property. The amount of rent payable by the association under the lease is HK\$17,500.00 per month. At the commencement date of the lease, the association recognised a right-of-use asset and a lease liability of HK\$420,000.00.

19) Fund-raising events requiring public subscription permit from Social Welfare Department

As stipulated by the laws of Hong Kong, the association applied for public subscription permits ("PSP") from the Social Welfare Department for the following event. The donation results have been included in the statement of comprehensive income as follows:

	2022 <i>HK\$</i>
<u>Flag day event held on 26 February 2022 (PSP No.: FD/R025/2021)</u>	
Income	
- Flag day street donations	-
- Other donations related to flag day fund raising event	87,980.00
Total expenditure for this event	(23,800.00)
Flag day net income for the year	<u>64,180.00</u>

The flag day net income will be used to subsidise renovation costs and improvement of facilities and purchases of furniture and equipment for the upgrade of two elderly centres of the association, and to finance community care and support services for the elderly.

(continue)

**INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
- HONG KONG DISTRICT LIMITED**

Notes to the Financial Statements

For the year ended 31 March 2023

19) Fund-raising events requiring public subscription permit from Social Welfare Department (continued)

Movement of flag day fund is set out below:

	<i>HK\$</i>
At 1 April 2021	1,667,144.45
Usage of previous flag day net income for the year	(641.93)
Flag day net income for the year	64,180.00
	<hr/>
At 31 March 2022	1,730,682.52
Usage of previous flag day net income for the year	(279,625.85)
	<hr/>
At 31 March 2023	1,451,056.67
	<hr/> <hr/>

20) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2023

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards and amendments, which are not yet effective for the year ended 31 March 2023 and which have not been adopted in these financial statements.

The association is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far the association has concluded that the adoption of them is unlikely to have a significant impact on the association's results of operations and financial position.

21) Approval of financial statements

These financial statements were authorised for issue by the association's district executive council on 5 October 2023.