

**OPERATION BLESSING HONG KONG LIMITED**

(Incorporated in Hong Kong with liabilities limited by guarantee and not having a share capital)

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2016

**T. S. LAM & CO.**

林贊誠會計師事務所

Certified Public Accountants (Practising)

Hong Kong

**OPERATION BLESSING HONG KONG LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH, 2016**

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**CONTENTS**

	<b>PAGES</b>
<b>REPORT OF THE DIRECTORS</b>	<b>1 and 2</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>3</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>4</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>5</b>
<b>STATEMENT OF CHANGES IN RESERVE</b>	<b>6</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>8 to 11</b>

**OPERATION BLESSING HONG KONG LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH, 2016**

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The directors present herewith their report and the financial statements for the year ended 31 March, 2016.

**1. FINANCIAL STATEMENTS**

The state of affairs of the Association as at 31 March, 2016 is set out in the Statement of Financial Position on page 4.

The results of the Association for the year are set out in the Statement of Comprehensive Income on page 5.

The Statement of Changes in Reserve of the Association for the year is set out on page 6.

The cash flows of the Association for the year are set out in the Statement of Cash Flows on page 7.

**2. PRINCIPAL ACTIVITIES**

The principal activities of the Association are to provide social, medical and educational services to economically disadvantaged people and victims of disasters throughout the world.

**3. DIVIDENDS**

The income and property of the Association shall be applied solely towards the promotion of the Association's objects and no portion of such income and property shall be paid by way of dividend.

**4. RESERVES**

No appropriations to and / or from reserves of any kind have been made during the year.

**5. PLANT AND EQUIPMENT**

The movements of plant and equipment during the year are set out in Note 4 to the financial statements.

**6. DIRECTORS**

The directors who held office during the year and up to date of this report were:-

Ronald Chapman OATES

Christopher Ray GAMMILL

Robert John TAN

- Appointed on 15 January, 2016

Marvin Benjamin EDWARDS

- Resigned on 1 January, 2016

All directors will retire in the forthcoming Annual General Meeting in accordance with Article 36 of the Articles of Association and, being eligible, offer themselves for re-election.

**7. DIRECTORS' INTERESTS IN CONTRACTS**

No contracts of significance in relation to the Association's activities to which the Association was a party, and in which a director of the Association had a material interest, subsisted at the end of the year or at any time during the year.

**OPERATION BLESSING HONG KONG LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH, 2016**

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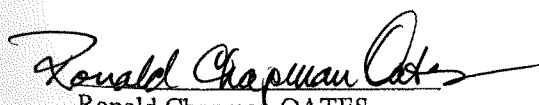
**8. DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

At no time during the year was the Association a party to any arrangements to enable the directors of the Association to acquire benefits by means of acquisition of shares in or debentures of any body corporate.

**9. AUDITOR**

The financial statements have been audited by T. S. Lam & Co., Certified Public Accountants, who retire on the conclusion of the forthcoming Annual General Meeting of the Association and, being eligible, offer themselves for re-appointment.

For and on behalf of  
The Board of Directors

  
Ronald Chapman OATES  
Director  
Date: 30 DEC 2016

# T. S. LAM & CO.

Certified Public Accountants (Practising)

林贊誠會計師事務所

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## INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF OPERATION BLESSING HONG KONG LIMITED

(Incorporated in Hong Kong with liabilities limited by guarantee and not having a share capital)

We have audited the financial statements of Operation Blessing Hong Kong Limited ("the Association") set out on pages 4 to 11, which comprise the statement of financial position as at 31 March, 2016, and the statement of comprehensive income, statement of changes in reserve and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the state of the Association's affairs as at 31 March, 2016 and of its total comprehensive surplus and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.


T. S. LAM & CO.  
Certified Public Accountants (Practising)  
Hong Kong,

30 DEC 2016

**OPERATION BLESSING HONG KONG LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH, 2016**

	Note	2016 HK\$	2015 HK\$
<b>ASSETS</b>			
<b>Non - current assets</b>			
Plant & equipment	4	---	---
<b>Current assets</b>			
Cash and cash equivalents	5	901,572	834,504
<b>Current liabilities</b>			
Accrued expenses		8,500	8,000
<b>Net current assets</b>		893,072	826,504
<b>Net assets</b>		893,072	826,504
<b>RESERVE</b>			
General fund		893,072	826,504

Approved and authorized for issue by the Borad of Directors on \_\_\_\_\_ and signed for  
and on behalf of the Association by

  
Ronald Chapman OATES  
Director

  
Christopher Ray GAMMILL  
Director

The notes on pages 8 to 11 form an integral part of these financial statements.

**OPERATION BLESSING HONG KONG LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH, 2016**

	Note	2016 HK\$	2015 HK\$
<b>Income</b>			
Donations received	6	1,986,750	2,207,440
Interest received		<u>1,297</u>	<u>1,224</u>
		<u>1,988,047</u>	<u>2,208,664</u>
<b>Expenditure</b>			
Advertising & promotion		---	3,099
Audit fee	7	8,500	8,000
Bank charges		4,257	2,896
Contributions & humanitarian relief	8	1,871,035	2,072,385
Depreciation		---	10,298
Direct mail		5,789	7,327
Exchange Loss		22,395	1,332
Insurance		405	129
Licenses fees		1,321	2,727
Supplies		79	1,395
Travel & training		<u>7,698</u>	<u>55,627</u>
		<u>1,921,479</u>	<u>2,165,215</u>
Total comprehensive surplus for the year		<u><u>66,568</u></u>	<u><u>43,449</u></u>

The notes on pages 8 to 11 form an integral part of these financial statements.

**OPERATION BLESSING HONG KONG LIMITED**  
**STATEMENT OF CHANGES IN RESERVE**  
**FOR THE YEAR ENDED 31 MARCH, 2016**

	<u>General Fund</u>
	HK\$
Balance as at 1/4/2014	783,055
Total comprehensive surplus for the year ended 31/3/2015	<u>43,449</u>
Balance as at 31/3/2015	826,504
Total comprehensive surplus for the year ended 31/3/2016	<u>66,568</u>
Balance as at 31/3/2016	<u><u>893,072</u></u>

The notes on pages 8 to 11 form an integral part of these financial statements.



**OPERATION BLESSING HONG KONG LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH, 2016**

	Note	2016 HK\$	2015 HK\$
<b>Cash flows from / (for) operating activities</b>			
Operating surplus for the year		66,568	43,449
Adjustment :-			
Depreciation		---	10,298
Interest received		(1,297)	(1,224)
Operating cash flows before working capital changes		65,271	52,523
Changes in working capital :-			
Increase / (Decrease) in accrued expenses		500	(2,000)
Net cash generated from operating activities		65,771	50,523
<b>Cash flows from / (for) investing activities</b>			
Interest received		1,297	1,224
Net cash generated from investing activities		1,297	1,224
<b>Cash flows from / (for) financing activities</b>			
Net cash generated from financing activities		---	---
<b>Net increase in cash and cash equivalents</b>		67,068	51,747
<b>Cash and cash equivalents at the beginning of the year</b>		834,504	782,757
<b>Cash and cash equivalents at the end of the year</b>	5	901,572	834,504

The notes on pages 8 to 11 form an integral part of these financial statements.

**OPERATION BLESSING HONG KONG LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH, 2016**

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**1. GENERAL**

The Association is a private company incorporated in Hong Kong with liabilities limited by guarantee and not having a share capital. Every member of the Association undertakes to contribute to the assets of the Association not exceeding one hundred Hong Kong Dollars in event of winding up. The Association is engaged in providing social, medical and educational services to economically disadvantaged people and victims of disasters throughout the world. The Association is an approved charitable institution and is exempted from tax under Section 88 of the Inland Revenue Ordinance.

The directors regard The Christian Broadcasting Network, Inc which is an association incorporated in Virginia of the USA, as its immediate and ultimate holding company.

Its registered office is situated at 7G, Reason Group Tower, 403 Castle Peak Road, Kwai Hing, Hong Kong.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared under historical cost convention and in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the HKICPA and the requirements of the Hong Kong Companies Ordinance.

The significant accounting policies adopted by the Association in arriving at the financial information set out in this report are as follows:-

**(a) Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost comprises its purchase cost and any directly attributable costs of bringing the asset to condition and location for intended use. Plant and equipment are derecognized upon disposal or written off when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on derecognition or written off of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the statement of comprehensive income in the year the item is derecognized.

Depreciation is provided by using the straight line method over their estimated useful lives as follows:-

Plant & equipment	3 years
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**(b) Impairment**

The Association reviews the carrying amounts of its assets at each financial year end date to determine whether there is any indication that those assets have suffered impairment loss. If the estimated 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. Impairment loss is recognized as an expense in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but the said amount will not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss is recognized as income in the statement of comprehensive income.

**OPERATION BLESSING HONG KONG LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH, 2016**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Financial instruments**

Financial instruments are contracts give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Association's financial assets and financial liabilities are carried at amortized cost using the effective interest method, less any identified impairment losses.

**(d) Cash and cash equivalents**

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks and in hand including term deposits, which are not restricted as to use.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Association's cash management.

**(e) Recognition of income**

Revenue is recognized when the amount can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Association:-

- (i) Donation is recognized as income upon the amount is properly received;
- (ii) Other income is recognized mainly on accrual basis.

**(f) Related party**

- (i) A person or a close member of that person's family is related to a company if that person:
  - has control or joint control over the company;
  - has significant influence over the company; or
  - is a member of the key management personnel of the company or of a parent of the company.
- (ii) An entity is related to a company if any of the following conditions applies:
  - the entity and the company are members of the same group;
  - one entity is an associate or joint venture of the other entity;
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
  - the entity is controlled or jointly controlled by a person identified in (i); or
  - a person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

**OPERATION BLESSING HONG KONG LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH, 2016**

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The management makes estimates, assumptions and judgments that may affect the reported amounts of revenues, expenses, assets and liabilities and other disclosures in preparation of the financial statements. However, uncertainty about these estimates, assumptions and judgments may lead to outcomes that require material adjustment to the reported carrying amounts of the assets and / or liabilities.

The management estimates that the fair values of all items stated in the statement of financial position are approximate to their carrying amounts due to short-term maturities of these assets and liabilities or no significant differences between the carrying and discounted amounts.

**4. PLANT AND EQUIPMENT**

	Plant & equipment HK\$
<u>Cost</u>	
At 1/4/2014	95,770
Additions in the year 2014/15	---
At 31/3/2015	95,770
Additions in the year 2015/16	---
At 31/3/2016	95,770
<u>Accumulated depreciation</u>	
At 1/4/2014	85,472
Charge for the year 2014/15	10,298
At 31/3/2015	95,770
Charge for the year 2015/16	---
At 31/3/2016	95,770
<u>Net Book Value</u>	
At 31/3/2016	---
At 31/3/2015	---

**5. CASH AND CASH EQUIVALENTS**

	2016 HK\$	2015 HK\$
Cash at bank	900,839	834,216
Cash in hand	733	288
	<u>901,572</u>	<u>834,504</u>

**6. DONATIONS RECEIVED**

	2016 HK\$	2015 HK\$
Donation received from third parties	1,961,560	2,202,440
CBN Hong Kong Limited	25,190	5,000
Operation Blessing International Relief & Development Corporation	---	---
	<u>1,986,750</u>	<u>2,207,440</u>

**OPERATION BLESSING HONG KONG LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH, 2016**

**7. AUDITORS' REMUNERATION**

	2016 HK\$	2015 HK\$
Audit fee for - Statutory audit	<u>8,500</u>	<u>8,000</u>

**8. CONTRIBUTIONS & HUMANITARIAN RELIEF**

	2016 HK\$	2015 HK\$
CBN Hong Kong Limited	263,785	176,896
The Christian Broadcasting Network, Inc. Beijing Office	261,636	1,895,489
Amity Foundation	1,118,212	---
United Front Work Department	122,747	---
Lucinda Tam Transfer	<u>104,655</u>	<u>---</u>
	<u>1,871,035</u>	<u>2,072,385</u>

**9. DIRECTORS' REMUNERATION**

No amounts have been paid or are payable in respect of directors' emoluments, directors' or past directors' pensions or for any compensations to directors or past directors in respect of loss of office during the year.

**10. RELATED PARTY TRANSACTIONS**

During the year, the Association had entered into the following transactions with related parties:-

Related parties	Relationships	Natures	Amounts	
			2016 HK\$	2015 HK\$
The Christian Broadcasting Network, Inc. Beijing Office	Fellow subsidiary	Humanitarian relief (Note 8 above)	261,636	1,895,489
CBN Hong Kong Limited	Fellow subsidiary	Donation received (Note 6 above)	25,190	5,000
		Contributions for staff salary (Note 8 above)	<u>263,785</u>	<u>176,896</u>