# 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, 2021

**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, 2021**

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**OPERATION BLESSING HONG KONG LIMITED**
**REPORT OF THE DIRECTORS**
**FOR THE YEAR ENDED 31 MARCH, 2021**

The directors present herewith their report and the financial statements for the year ended 31 March, 2021.

## 1. FINANCIAL STATEMENTS

The state of affairs of the Association as at 31 March, 2021 is set out in the Statement of Financial Position on page 6.

The results of the Association for the year are set out in the Statement of Comprehensive Income on page 7.

The Statement of Changes in Reserve of the Association for the year is set out on page 8.

The cash flows of the Association for the year are set out in the Statement of Cash Flows on page 9.

## 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

No plant and equipment have been acquired during the year.

## 6. DIRECTORS

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

| | |
|---|---|
| Christopher Ray GAMMILL | |
| Robert John TAN | |
| Kim Harold MITCHELL | (Appointed on 31 July, 2020) |
| Ronald Chapman OATES | (Resigned on 31 July, 2020) |

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 TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or 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 or his / her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## 8. DIRECTORS' RIGHTS 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. MANAGEMENT CONTRACTS

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

## 10. 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

Christopher Ray GAMMILL
Director
Date: 31 DEC 2021

**T. S. LAM & CO.**
**Certified Public Accountants (Practising)**
**林贊誠會計師事務所**

**Room 709, 7/F., Wing On Plaza, 62 Mody Road,**
**Tsim Sha Tsui East, Kowloon, Hong Kong**
**Tel: 2545 1211 Fax: 2545 1273**

## 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)

### Opinion

We have audited the financial statements of Operation Blessing Hong Kong Limited ("the Association") set out on pages 6 to 13, which comprise the statement of financial position as at 31 March, 2021, and the statement of comprehensive income, statement of changes in reserve and 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") 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 ("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 directors are responsible for the other information. The other information comprises the information included in the report of the directors, 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 that give a true and fair view in accordance with HKFRS for Private Entities 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.

**T. S. LAM & CO.**
**Certified Public Accountants (Practising)**
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**Responsibilities of Directors and Those Charged with Governance for the Financial Statements (continued)**

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. 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 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.

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

- 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 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.

T. S. Lam & Co.
Certified Public Accountants (Practising)
Hong Kong
31 DEC 2021

**OPERATION BLESSING HONG KONG LIMITED**
**STATEMENT OF FINANCIAL POSITION**
**AS AT 31 MARCH, 2021**

| | Note | 2021<br>HK$ | 2020<br>HK$ |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 1,153,899 | 1,188,751 |
| **Current liabilities** | | | |
| Accrued expenses | | 10,500 | 10,000 |
| **Net current assets and net assets** | | 1,143,399 | 1,178,751 |
| **RESERVE** | | | |
| General fund | | 1,143,399 | 1,178,751 |

Approved and authorized for issue by the Board of Directors on 31 DEC 2021 and signed for and on behalf of the Board by

Robert John TAN
Director

Christopher Ray GAMMILL
Director

The notes on pages 10 to 13 form an integral part of these financial statements.

**OPERATION BLESSING HONG KONG LIMITED**
**STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31 MARCH, 2021**

| | Note | 2021<br>HK$ | 2020<br>HK$ |
|---|---|---|---|
| **Income** | | | |
| Donations received | 5 | 1,317,831 | 2,222,911 |
| Exchange gain | | 12,574 | --- |
| Bank interest income | | 404 | 703 |
| | | 1,330,809 | 2,223,614 |
| **Expenditure** | | | |
| Audit fee | | 10,500 | 10,000 |
| Bank charges | | 6,240 | 5,512 |
| Contributions & humanitarian relief | 6 | 1,287,253 | 1,921,486 |
| Direct mail | | 6,308 | 18,581 |
| Exchange loss | | --- | 12,037 |
| Insurance | | 1,486 | 1,564 |
| Licenses fees | | 3,470 | 2,060 |
| Production facility rent | | 3,000 | 10,854 |
| Professional fees | | 3,772 | 4,200 |
| Rent | | 36,000 | --- |
| Supplies | | 382 | 1,446 |
| Travel & training | | 5,350 | 8,282 |
| Utilities | | 2,400 | --- |
| | | 1,366,161 | 1,996,022 |
| Total comprehensive (deficit) / surplus for the year | | (35,352) | 227,592 |

The notes on pages 10 to 13 form an integral part of these financial statements.

**OPERATION BLESSING HONG KONG LIMITED**
**STATEMENT OF CHANGES IN RESERVE**
**FOR THE YEAR ENDED 31 MARCH, 2021**

| | General Fund |
|---|---|
| | HK$ |
| Balance at 1/4/2019 | 951,159 |
| Total comprehensive surplus for the year 2019/20 | 227,592 |
| Balance at 31/3/2020 | 1,178,751 |
| Total comprehensive deficit for the year 2020/21 | (35,352) |
| Balance at 31/3/2021 | 1,143,399 |

The notes on pages 10 to 13 form an integral part of these financial statements.

**OPERATION BLESSING HONG KONG LIMITED**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 MARCH, 2021**

| | Note | 2021 HK$ | 2020 HK$ |
|---|---|---|---|
| **Cash flows from / (for) operating activities** | | | |
| Operating comprehensive (deficit) / surplus for the year | | (35,352) | 227,592 |
| Adjustment for: | | | |
| Bank interest income | | (404) | (703) |
| Operating cash flows before working capital changes | | (35,756) | 226,889 |
| Changes in working capital: | | | |
| Increase in accrued expenses | | 500 | 200 |
| Net cash (used in) / generated from operating activities | | (35,256) | 227,089 |
| **Cash flows from / (for) investing activities** | | | |
| Bank interest received | | 404 | 703 |
| Net cash generated from investing activities | | 404 | 703 |
| **Cash flows from / (for) financing activities** | | | |
| Net cash generated from financing activities | | --- | --- |
| **Net (decrease) / increase in cash and cash equivalents** | | (34,852) | 227,792 |
| **Cash and cash equivalents at the beginning of the year** | | 1,188,751 | 960,959 |
| **Cash and cash equivalents at the end of the year** | 4 | 1,153,899 | 1,188,751 |

The notes on pages 10 to 13 form an integral part of these financial statements.

## 1. GENERAL

The Association is a private Association 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 principal activities of the Association are to provide 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 Association.

Its registered office is situated at Room 7C, 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 its estimated useful life as follow:

| | |
|---|---|
| Plant & equipment | 3 years |

### (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.

## 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 an association if that person:
- has control or joint control over the association;
- has significant influence over the association; or
- is a member of the key management personnel of the association or of a parent of the association.

(ii) An entity is related to an association if any of the following conditions applies:
- the entity and the association 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 association or an entity related to the association. If the association is itself such a plan, the sponsoring employers are also related to the association;
- 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.

## 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. CASH AND CASH EQUIVALENTS

| | 2021<br>HK$ | 2020<br>HK$ |
|---|---|---|
| Cash at bank | 1,153,407 | 1,188,450 |
| Cash in hand | 492 | 301 |
| | 1,153,899 | 1,188,751 |

## 5. DONATIONS RECEIVED

| | 2021<br>HK$ | 2020<br>HK$ |
|---|---|---|
| Donation received from third parties | 1,178,727 | 2,103,807 |
| The Christian Broadcasting Network, Inc. | 75,482 | --- |
| CBN Hong Kong Limited | 63,622 | 119,104 |
| | 1,317,831 | 2,222,911 |

## 6. CONTRIBUTIONS & HUMANITARIAN RELIEF

| | 2021<br>HK$ | 2020<br>HK$ |
|---|---|---|
| CBN Hong Kong Limited | 543,415 | 620,298 |
| The Amity Foundation | 56,396 | 994,288 |
| Lovexpress Foundation Limited | --- | 303,000 |
| Operation Blessing Hong Kong Limited Chong Qing Office | 475,315 | --- |
| Operation Blessing Foundation Philippines Inc. | 50,007 | --- |
| Autism families project | 150,273 | --- |
| Others | 11,847 | 3,900 |
| | 1,287,253 | 1,921,486 |

## 7. 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 years ended 31 March, 2021 and 2020.

## 8. RELATED PARTY TRANSACTIONS

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

| Related parties | Relationship | Nature | Amount | |
|---|---|---|---|---|
| | | | 2021 HK$ | 2020 HK$ |
| The Christian Broadcasting Network, Inc. | Headquarters | Donations received (Note 5 above) | 75,482 | --- |
| CBN Hong Kong Limited | Fellow subsidiary | Donations received (Note 5 above) | 63,622 | 119,104 |
| | | Contributions & humanitarian relief (Note 6 above) | 543,415 | 620,298 |
| Operation Blessing Foundation Philippines Inc. | Fellow subsidiary | Contributions & humanitarian relief (Note 6 above) | 50,007 | --- |
| Operation Blessing Hong Kong Limited Chong Qing Office | Branch | Contributions & humanitarian relief (Note 6 above) | 475,315 | --- |