

TREE OF LIFE MISSIONARY NETWORK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31ST DECEMBER, 2015

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TREE OF LIFE MISSIONARY NETWORK LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31st December, 2015.

Principal activities

The principal activities of the Association are to spread the Gospel of Jesus Christ. The Association has a branch of Tree of life Missionary Network Active Mission Church under the sole control and ownership of the Association:

Financial statements

The results of the Association for the year ended 31st December, 2015 and the state of affairs of the Association as at that date are set out in the financial statements on pages 4 to 10.

Property, plant and equipment

Details of movements during the year in the property, plant and equipment to the Association are set out in note 6 to the financial statements.

Charitable donations

Donations made by the Association during the year for charitable purposes amounting to HK\$1,603,761 (2014 :HK\$5,152).

Directors

The directors of the Association during the year and up to the date of this report are:

Wong Hak Kun, Jerry (Resigned on 3rd February, 2016)
Yu Wai Kwan
Ma Wai Pui

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

Directors' interests in contracts

No contract of significance in relation to the Association's business 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.

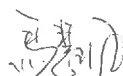
Management contracts

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

Auditor

Subsequent to the previous annual general meeting, Richard Albuquerque & Co., Certified Public Accountants had resigned as auditors of the company and was replaced by K. L. Lam, C.P.A.(Practising), who retire and, being eligible, offer herself for re-appointment.

For and on behalf of the Board



Chairman

Hong Kong, 12th July, 2017

K. L. LAM

Certified Public Accountant (Practising)
Room B, 22/F., Nathan Commercial Building,
430-436 Nathan Road, Kowloon.
Tel : 2851 3811 Fax : 3579 3855

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TREE OF LIFE MISSIONARY NETWORK LIMITED (incorporated in Hong Kong with limited by guarantee)

Report on the Financial Statements

I was engaged to audit the financial statements of Tree of Life Missionary Network Limited set out on pages 4 to 10, which comprise the statement of financial position as at 31st December, 2015, and the statement of income and general fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants 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

My responsibility is to express an opinion on these financial statements based on my audit. This report is made solely to you, as a body, in accordance with the Hong Kong Companies Ordinance, and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the inability to obtain sufficient appropriate audit evidence as explained below, I conducted my audit in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Because of the matter described in the basis for disclaimer of opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

The evidence available to me was limited because there were no sufficient title documents registered for the land and buildings in Cambodia. Therefore, there were no practicable alternative auditing procedures that I could apply to ascertain the ownership and the net book value of the overseas land and buildings of HK\$2,834,420 and the consequential effects upon the result for the year and statement of the financial position at 31st December, 2015.

Disclaimer of opinion

Because of the significance of the matter described in the basis for disclaimer of opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements. In all other respects, in my opinion the financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

K. L. LAM

Certified Public Accountant (Practising)

Room B, 22/F., Nathan Commercial Building,
430-436 Nathan Road, Kowloon.
Tel : 2851 3811 Fax : 3579 3855

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TREE OF LIFE MISSIONARY NETWORK LIMITED

(incorporated in Hong Kong with limited liability)

Report on other matters under sections 407(2) and 407(3) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding overseas land and building as described in the opinion paragraph above:

- I was unable to determine whether adequate accounting records had been kept; and
- I have not obtained all the information and explanations that, to the best of my knowledge and belief, are necessary and material for the purpose of the audit.

Certified Public Accountant (Practising)

Hong Kong, 12th July, 2017

TREE OF LIFE MISSIONARY NETWORK LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2015

(Expressed in Hong Kong dollars)

	NOTE	2015 HK\$	2014 HK\$
Revenues	2 (a) & 3	4,832,910	6,451,859
Administrative and other operating expenses		(5,164,952)	(4,475,317)
(Deficit) / Surplus for the year	4	(332,042)	1,976,542
General fund brought forward		1,920,959	(55,583)
General fund carried forward		<u>1,588,917</u>	<u>1,920,959</u>

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

TREE OF LIFE MISSIONARY NETWORK LIMITED


STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2015

(Expressed in Hong Kong dollars)

	NOTE	2015 HK\$	2014 HK\$
Property, plant and equipment	6	3,071,703	166,023
Current Assets			
Rental and utilities deposits		155,094	154,628
Payments in advance		2,620	2,088,000
Cash at bank and in hand		462,017	1,515,342
		619,731	3,757,970
Current Liabilities			
Amount due to a director	7	381,591	381,591
Amount due to a related association		1,584,630	1,604,731
Accounts payable and accrued expenses		136,296	16,712
		2,102,517	2,003,034
Net Current (Liabilities) / Assets		(1,482,786)	1,754,936
Net Assets		1,588,917	1,920,959
Represented by:			
General fund		1,588,917	1,920,959

Approved and authorised for issue by the board of directors on 12th July, 2017



 Director
 Yu Wai Kwan



 Director
 Ma Wai Pui

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

TREE OF LIFE MISSIONARY NETWORK LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. General

The Association was incorporated in Hong Kong under the Companies Ordinance and is limited by guarantee and not having a share capital. Its registered office and principal place of business is situated at Room 810, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong.

The principal activities of the Association are to spread the Gospel of Jesus Christ. The Association has a branch of Tree of life Missionary Network Active Mission Church under the sole control and ownership of the Association:

2. Summary of significant accounting policies

Basis of preparation of the financial statements

The Association qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance, Cap. 622 and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants. These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Association is a going concern basis. The measurement base adopted is the historical cost convention.

Prior to the application of the SME-FRS, the Association applied the Hong Kong Financial Reporting Standard (HKFRSs) for Private Entities issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Association conclude that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the financial statements.

(a) Revenue recognition

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 Association.

- (i) Donations received is recognised upon receipt.
- (ii) Interest income is recognised as it accrues using the effective interest method.

(b) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated to write off the cost of plant and equipment on a systematic basis over its estimated useful life using the straight line method. The principal annual rate used for depreciation are as follows:

Freehold land	Nil
Building	5%
Leasehold improvements	20%
Furniture, fixtures and equipment	20%

2. Summary of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income on the date of retirement or disposal.

(c) Accounts receivable

Accounts receivable are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

(d) Accounts payable

Accounts payable are recognized initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(e) Impairment of assets

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If an asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the income statement.

(f) Operating leases

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

(g) Translation and balances

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

(h) Employee benefits

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.

2. Summary of significant accounting policies (continued)

(i) Related Associations

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Association if that person:
- (i) is a member of the key management personnel of the Association or of a parent of the Association;
 - (ii) has control over the Association; or
 - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (b) An entity is related to the Association if any of the following conditions applies:
- (i) the entity and the Association are members of the same entity (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) either entity is an associate or joint venture of the other entity (or of a member of a entity of which the other entity is a member);
 - (iii) both entities are joint ventures of a third entity.
 - (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) 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 reporting entity is itself such a plan, the sponsoring employers are also related to the plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant voting power in the entity.

(j) Taxation

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

3. Revenues	2015 HK\$	2014 HK\$
Donations received	4,832,538	6,441,303
Exchange gain	---	10,064
Bank interest income	372	492
Total revenue	<u>4,832,910</u>	<u>6,451,859</u>

4. (Deficit) / Surplus for the year	2015 HK\$	2014 HK\$
(Deficit) / Surplus for the year is arrived at after charging:		
Audit fee	8,000	6,000
Depreciation	73,576	44,608
Staff cost	1,571,749	1,519,705
Mandatory provident fund	73,873	72,905
Operating leases on properties	432,000	432,000
Donations	1,603,761	5,152

5. Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap 622) is as follows:-

	2015 HK\$	2014 HK\$
Fees and other emoluments	---	---

6. Property, Plant and equipment

	Overseas Land and building HK\$	Leasehold improvements HK\$	Furniture, fixtures and equipment HK\$	Total HK\$
Cost				
At 1st January, 2015	---	173,854	180,724	354,578
Additions	2,834,420	40,680	104,156	2,979,256
At 31st December, 2015	<u>2,834,420</u>	<u>214,534</u>	<u>284,880</u>	<u>3,333,834</u>
Accumulated depreciation				
At 1st January, 2015	---	34,771	153,784	188,555
Charge for the year	---	42,907	30,669	73,576
At 31st December, 2015	<u>---</u>	<u>77,678</u>	<u>184,453</u>	<u>262,131</u>
Net Book Value				
At 31st December, 2015	<u>2,834,420</u>	<u>136,856</u>	<u>100,427</u>	<u>3,071,703</u>
At 31st December, 2014	<u>---</u>	<u>139,083</u>	<u>26,940</u>	<u>166,023</u>

- (a) The amount of HK\$2,834,420 was transferred from payments in advance upon completion of construction of Missionary Institute in 2015. Since the land and building had not been put into use until 2016, the depreciation was not considered in 2015.
- (b) The overseas land and buildings are located in Cambodia and are registered in the name of third parties on behalf of the Association.

7. Amount due to a director

The amount due to a director is unsecured, interest free and with no fixed terms of repayment.

8. Operating lease commitment

At 31st December, 2015, the Association had outstanding commitment in respect of land and buildings under non-cancellable operating leases, which fall due as follows:

	2015 HK\$	2014 HK\$
Within one year	108,000	432,000
In the second to fifth years inclusive	---	108,000
	<u>108,000</u>	<u>540,000</u>

9. Related party transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, the company has the following material transactions with related parties during year:

	2015	2014
	HK\$	HK\$
Donations paid a related Association (Note)	989,461	---
	=====	=====

Note : The Association has significant influence in the charitable Association in Cambodia.

10. Approval of financial statements

These financial statements are authorized for issue by the Association's Board of Directors on 12th July, 2017.

(For management purposes only)

TREE OF LIFE MISSIONARY NETWORK LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2015
(Expressed in Hong Kong dollars)

	2015	2014
	HK\$	HK\$
Donations received	4,832,538	6,441,303
Exchange gain	---	10,064
Bank interest income	372	492
 Total revenue	 4,832,910	 6,451,859
 <i>Administrative and other operating expenses:</i>		
Audit fee	8,000	6,000
Bank interest and charges	15,733	14,167
Cleaning fee	---	1,850
Depreciation	73,576	44,608
Donations	1,603,761	5,152
Entertainment and messing	10,728	64,264
Exchange loss	88,352	---
Insurance	19,233	22,533
Legal and professional fees	2,605	3,210
Local travelling	28,335	6,854
Mandatory provident fund	73,873	72,905
Ministry expenses	605,405	1,806,805
Ministry salaries	781,143	796,942
Overseas travelling	80,371	95,470
Postages	32,291	30,776
Printing and stationery	26,502	18,481
Promotion expenses	202,586	58,802
Rent and rates	613,980	608,102
Repairs and maintenance	22,783	18,702
Salaries and allowances	790,606	722,763
Staff welfare	2,210	---
Sundry expenses	17,191	5,412
Telephone, fax and internet charge	4,640	4,842
Tutor's fee	53,600	58,200
Water and electricity	7,448	8,477
	5,164,952	4,475,317
 (Deficit)/Surplus for the year transferred to General Fund	 (332,042)	 1,976,542