

GOOD SHEPHERD RENEWAL MINISTRY LIMITED
(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

AR CPA LIMITED
Certified Public Accountants
Hong Kong

GOOD SHEPHERD RENEWAL MINISTRY LIMITED
(Incorporated in Hong Kong and limited by guarantee)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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(Expressed in Hong Kong dollars HK\$)

GOOD SHEPHERD RENEWAL MINISTRY LIMITED REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Company is a charitable organization whose objects are, in light of the teaching of the Catholic Church, to assist inmates, rehabilitated persons and their families in restoring the stirred relationship and provide a platform for inmates to build up a healthy personality so as to integrate them to the society of Hong Kong.

FINANCIAL STATEMENTS

The results of the Company for the year and the state of its affairs at 31 March 2021 are set out in the financial statements on pages 6 to 12.

DIRECTORS

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

Sung Pui Ling Pauline
Lui Suk Yin Agnes
Man Sau Wai Maria
Wong Kit Wing
Yeung Hau Ming

In accordance with Article 20 of the Company's articles of association, all the directors shall retire at the next annual general meeting and shall be eligible for re-election.

MANAGEMENT CONTRACT

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.

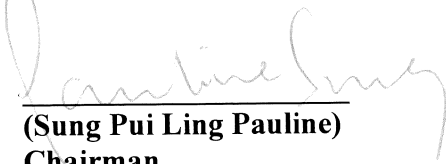
DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

AUDITOR

These financial statements have been audited by AR CPA Limited, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

A handwritten signature in cursive script, appearing to read "Pauline Sung", is written over a horizontal line.

(Sung Pui Ling Pauline)

Chairman

Hong Kong, 12 January 2022

AR CPA Limited

Certified Public Accountants

Room 1507, 15/F., Emperor Group Centre
288 Hennessy Road, Wanchai
Hong Kong
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智富會計師行有限公司

香港執業會計師

香港灣仔軒尼詩道288號
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GOOD SHEPHERD RENEWAL MINISTRY LIMITED**
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Good Shepherd Renewal Ministry Limited ("the Company") set out on pages 6 to 12, which comprise the statement of financial position as at 31 March 2021, and the statement of income and accumulated funds 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 Company as at 31 March 2021, and of its financial performance and its cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for PE") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

Other information

The directors of the Company are responsible for the other information. The other information comprises the information included in the directors' report set out on page 1 and detailed statement of income and expenditure set out on page 13, 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 the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for PE issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

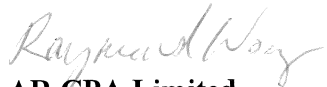
It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 Company'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

Company'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 Company to cease to continue as a going concern.

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



AR CPA Limited
Certified Public Accountants
Hong Kong, 12 January 2022

Wong Kai Ming, Raymond
Practising certificate no.: P02476

GOOD SHEPHERD RENEWAL MINISTRY LIMITED
STATEMENT OF INCOME AND ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 MARCH 2021

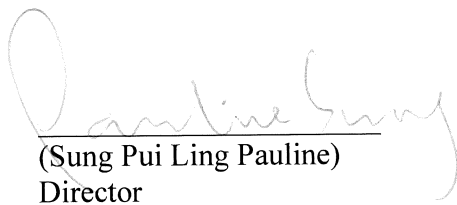
	Note	2021 HK\$	2020 HK\$
Revenue	3	1,655,879.57	1,387,814.26
Less: Direct expenses		<u>(301,044.00)</u>	<u>(472,296.94)</u>
		1,354,835.57	915,517.32
Administrative and operating expenses		<u>(904,883.30)</u>	<u>(690,679.10)</u>
Surplus before tax	5	449,952.27	224,838.22
Income tax expense	6	<u>-</u>	<u>-</u>
Surplus for the year		449,952.27	224,838.22
Accumulated surplus brought forward		<u>1,030,606.83</u>	<u>805,768.61</u>
Accumulated surplus carried forward		<u><u>1,480,559.10</u></u>	<u><u>1,030,606.83</u></u>

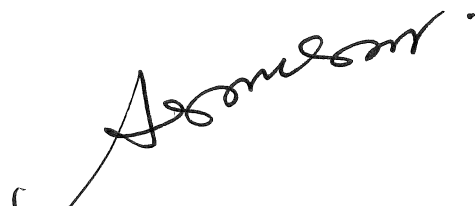
The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

GOOD SHEPHERD RENEWAL MINISTRY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 HK\$	2020 HK\$
Non-current assets			
Property, plant and equipment	8	<u>289,184.02</u>	<u>329,243.01</u>
Current assets			
Rental and utility deposits		59,600.00	95,100.00
Prepayment		640.00	-
Cash at bank and on hand		<u>1,133,135.08</u>	<u>660,363.82</u>
		<u>1,193,375.08</u>	<u>755,463.82</u>
Current liabilities			
Accrued expenses		2,000.00	2,000.00
Loan from staff	7	<u>-</u>	<u>52,100.00</u>
		<u>2,000.00</u>	<u>54,100.00</u>
Net current assets		<u>1,191,375.08</u>	<u>701,363.82</u>
NET ASSETS		<u>1,480,559.10</u>	<u>1,030,606.83</u>
Represented by:			
Accumulated surplus		<u>1,480,559.10</u>	<u>1,030,606.83</u>

Approved on behalf of the Board by:


 (Sung Pui Ling Pauline)
 Director


 (Lui Suk Yin Agnes)
 Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

GOOD SHEPHERD RENEWAL MINISTRY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	449,952.27	224,838.22
Adjustments for:		
- Depreciation	45,672.99	44,550.19
Surplus/(Deficit) before changes in working capital	<u>495,625.26</u>	<u>269,388.41</u>
(Increase)/decrease in prepayments	(640.00)	-
(Increase)/decrease in rental and utility deposits	35,500.00	(29,740.00)
Increase/(decrease) in accrued expenses	(52,100.00)	(2,000.00)
Net cash inflow/(outflow) from operating activities	<u>478,385.26</u>	<u>237,648.41</u>
Investing activities		
- Purchase of property, plant and equipment	(5,614.00)	(343,686.90)
Net cash used in investing activities	<u>(5,614.00)</u>	<u>(343,686.90)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	472,771.26	(106,038.49)
CASH AND CASH EQUIVALENTS at beginning of year	660,363.82	766,402.31
CASH AND CASH EQUIVALENTS at end of year	<u>1,133,135.08</u>	<u>660,363.82</u>
Analysis of cash and cash equivalents:		
Cash at bank	1,128,639.78	660,363.82
Cash on hand	4,495.30	-
	<u>1,133,135.08</u>	<u>660,363.82</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**GOOD SHEPHERD RENEWAL MINISTRY LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. GENERAL INFORMATION

Good Shepherd Renewal Ministry Limited is a company incorporated in Hong Kong under the Hong Kong Companies Ordinance as a company limited by guarantee and not having a share capital. The members of the Company have agreed to contribute Hong Kong dollars HK\$20 each to the assets of the Company in the event of the Company being wound up. Its registered office is located at Room 6, 1/F, Kam Fai Building, 20 Waterloo Road, Yau Ma Tei, Kowloon. The Company is a charitable organization whose objects are, in light of the teaching of the Catholic Church, to assist inmates, rehabilitated persons and their families in restoring the stirred relationship and provide a platform for inmates to build up a healthy personality so as to integrate them to the society of Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They are presented in Hong Kong dollars (HK\$) and have been prepared under the historical cost convention, as modified by the revaluation of investment property at fair value. The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably on the following bases:-

- i) Donations, sales and other income are recognized on a cash receipt basis.
- ii) Interest income is recognized on a time proportion basis, by reference to the principal outstanding and at the applicable interest rate.

b) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Leasehold improvements	10%
Furniture and equipment	20%
Computer equipment	20%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

c) Impairment of assets

At each reporting date, property, plant and equipment, intangible assets, and investments in subsidiaries and associates 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 (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item if inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other assets are classified as operating leases.

Rights to assets held under finance leases are recognized as assets of the company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit and loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

e) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks, other short-term, highly liquid investments with a maturity date of three months or less, and bank overdrafts.

f) Income tax

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

3. REVENUE

An analysis of the Company's revenue during the period is as follows:

	2021 HK\$	2020 HK\$
Donation income	1,203,659.80	1,254,733.00
Donation: Lion Rock Study Grant	292,200.00	-
Dormitory stay-in fee	60,800.00	56,000.00
Sales at community store	3,210.00	64,452.00
Sales at center	-	12,006.00
Employment support scheme	96,000.00	-
Bank interest received	9.77	623.26
	<u>1,655,879.57</u>	<u>1,387,814.26</u>

4. DIRECTORS' REMUNERATION

No remuneration was paid or payable to the directors by the Company during the year (2020: Nil).

5. SURPLUS BEFORE TAX

The surplus before tax is stated after charging:-	2021 HK\$	2020 HK\$
Audit fee	2,000.00	2,000.00
Mandatory provident fund	24,645.00	22,790.00
Rent	238,800.00	102,000.00
Salaries	<u>508,370.00</u>	<u>454,000.00</u>

6. INCOME TAX

No provision for Hong Kong profits tax is made as the Company is a charitable institution exempt from tax. No provision for deferred tax is required as there is no timing difference.

7. LOAN FROM STAFF

The loan from staff is unsecured, interest-free and has no fixed terms of repayment.

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture & equipment HK\$	Computer Equipment HK\$	Total HK\$
Cost				
At 1.4.2020	326,610.10	41,817.90	17,628.00	386,056.00
Additions	-	3,976.00	1,638.00	5,614.00
At 31.3.2021	<u>326,610.10</u>	<u>45,793.90</u>	<u>19,266.00</u>	<u>391,670.00</u>
Accumulated depreciation and impairment losses				
At 1.4.2020	34,211.03	18,046.76	4,555.20	56,812.99
Depreciation for the year	32,661.01	9,158.78	3,853.20	45,672.99
At 31.3.2021	<u>66,872.04</u>	<u>27,205.54</u>	<u>8,408.40</u>	<u>102,485.98</u>
Carrying amount				
At 31.3.2021	<u>259,738.06</u>	<u>18,588.36</u>	<u>10,857.60</u>	<u>289,184.02</u>
At 31.3.2020	<u>292,399.07</u>	<u>23,771.14</u>	<u>13,072.80</u>	<u>329,243.01</u>

9. COMMITMENTS UNDER OPERATING LEASES

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

	2021 HK\$	2020 HK\$
Not later than one year	145,400.00	324,000.00
Later than one year	-	145,400.00
	<u>145,400.00</u>	<u>469,400.00</u>

10. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board of directors on 12 January 2022.

GOOD SHEPHERD RENEWAL MINISTRY LIMITED
DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

(For management purposes only)

	HK\$
INCOME	
Donation income	1,203,659.80
Donation: Lion Rock Study Grant	292,200.00
Dormitory stay-in fee	60,800.00
Sales at community store	3,210.00
Employment support scheme	96,000.00
Bank interest received	9.77
	1,655,879.57
LESS: DIRECT EXPENSES	
Dormitory rent and expenses	180,670.90
Back to society support	11,162.20
Study course support	352.00
Inmate necessity support	38,029.50
Cost of sales	10,880.00
Community services	59,949.40
	301,044.00
NET INCOME	1,354,835.57
LESS: OPERATING EXPENSES	
Audit fee	2,000.00
Bank charges	3,270.16
Communication fee	5,959.00
Depreciation	45,672.99
Office rent	238,800.00
Insurance	10,595.35
Mandatory provident fund	24,645.00
Media and marketing	5,180.00
Postage	2,656.20
Printing charges	10,398.00
Repair and maintenance	23,542.00
Salaries	508,370.00
Stationery	419.00
Sundry expenses	20,679.00
Transportation	400.00
Utilities	2,296.60
	904,883.30
SURPLUS FOR THE YEAR	449,952.27