

YOUNG LIFE LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022



CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| Report of the Directors | 1 |
| Independent Auditor's Report | 2 - 5 |
| Income Statement | 6 |
| Statement of Financial Position | 7 |
| Statement of Changes in Funds | 8 |
| Notes to the Financial Statements | 9 - 14 |

(EXPRESSED IN THE NEAREST HONG KONG DOLLARS)

YOUNG LIFE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

The directors submit their annual report together with the audited financial statements for the year ended September 30, 2022.

PRINCIPAL ACTIVITY

The principal activity of the company is to introduce kids to Jesus Christ and help them grow in their faith.

DIRECTORS

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

Mr. BOYLE William Duncan
Mr. GAFFNEY Michael Jay

In accordance with the Articles of Association, all directors retire and being eligible, offer themselves for re-election.

AUDITORS

Philip Poon & Partners CPA Limited are the company's retiring auditors who, being eligible, offer themselves for re-appointment.

FOR AND ON BEHALF OF THE
BOARD



Mr. BOYLE William Duncan
Director

Hong Kong
June 15, 2023



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

YOUNG LIFE LIMITED

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Young Life Limited (“the Company”) set out on pages 6 to 14, which comprise the statement of financial position as at September 30, 2022, and the income statement and the statement of changes in funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) 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”) 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 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 are responsible for the other information. The other information comprises the information included in the directors’ report, but does not include the financial statements and our auditor’s report thereon.

...../To be continued



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

YOUNG LIFE LIMITED

(Incorporated in Hong Kong and limited by guarantee)

...../Continued

Other information (continued)

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 in accordance with the SME-FRS 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

...../To be continued



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

YOUNG LIFE LIMITED

(Incorporated in Hong Kong and limited by guarantee)

...../Continued

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 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. 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.

...../To be continued



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

YOUNG LIFE LIMITED

(Incorporated in Hong Kong and limited by guarantee)

...../Continued

Auditor's responsibilities for the audit of the financial statements (continued)

- 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.

Certified Public Accountants
Hong Kong
June 15, 2023

Philip Poon & Partners CPA Limited
Mr. Poon Chin Chung, Philip
Practising Certificate No.: P01748

YOUNG LIFE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | <u>NOTE</u> | <u>2022</u> \$ | <u>2021</u> \$ |
|-------------------------------|-------------|-------------------|-------------------|
| <u>Income</u> | | | |
| Donation income | | 6,626,255 | 6,688,780 |
| Activity income | | 154,993 | 109,291 |
| | | <u>6,781,248</u> | <u>6,798,071</u> |
| <u>Other income</u> | | | |
| Bank interest income | | 124 | 43 |
| | | <u>6,781,372</u> | <u>6,798,114</u> |
| LESS: ADMINISTRATIVE EXPENSES | 5 | (5,381,859) | (4,530,889) |
| SURPLUS FOR THE YEAR | | <u>1,399,513</u> | <u>2,267,225</u> |


The notes on pages 9 to 14 form part of these financial statements.

YOUNG LIFE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

| | <u>NOTE</u> | <u>2022</u> \$ | (Restated) <u>2021</u> \$ |
|--|-------------|---------------------------|---------------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 369,952 ----- | 25,900 ----- |
| CURRENT ASSETS | | | |
| Accounts receivable | | 197,000 | -- |
| Deposits | | 79,504 | 165,858 |
| Bank balances and cash | | 5,326,622 | 4,393,536 |
| | | <u>5,603,126</u> ----- | <u>4,559,394</u> ----- |
| CURRENT LIABILITIES | | | |
| Other accounts payable and accruals | | 32,255 ----- | 43,984 ----- |
| NET CURRENT ASSETS | | <u>5,570,871</u> | <u>4,515,410</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>5,940,823</u> ===== | <u>4,541,310</u> ===== |
| FINANCED BY | | | |
| Accumulated fund | | 5,940,823 ===== | 4,541,310 ===== |

Approved and authorised for issue by the board of directors on June 15, 2023



Mr. BOYLE William Duncan
Director



Mr. GAFFNEY Michael Jay
Director

The notes on pages 9 to 14 form part of these financial statements.

YOUNG LIFE LIMITED
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Accumulated <u>fund</u> \$ |
|------------------------------|----------------------------------|
| Balance at beginning of year | 4,541,310 |
| Surplus for the year | 1,399,513 |
| | <hr/> |
| Balance at end of year | 5,940,823 |
| | <hr/> <hr/> |

The notes on pages 9 to 14 form part of these financial statements.

YOUNG LIFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. GENERAL INFORMATION

Young Life Limited is a company incorporated in Hong Kong and limited by guarantee. The address of its registered office is 903 Park Tower, 15 Austin Road, Jordan, Kowloon, Hong Kong.

The principal activity of the company is to introduce kids to Jesus Christ and help them grow in their faith.

2. BASIS OF PREPARATION

The company qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance. The company 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 church is a going concern.

The measurement base adopted is the historical cost convention.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Revenue

Revenue is recognised 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) donation income is recognised on cash receipt basis;
- (ii) activity income is recognised when activities are completed; and
- (iii) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest rate applicable.

YOUNG LIFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign exchange

The reporting currency of the company is Hong Kong Dollars, which is the currency of the primary economic environment in which the church operates. The financial statements are presented in Hong Kong Dollars.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

| | |
|-------------------------|-----|
| Leasehold improvement | 20% |
| Furniture and equipment | 20% |

(d) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets, long-term investments, investments in subsidiaries, investments in associates and joint ventures. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

YOUNG LIFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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 or credited to the income statement on a straight-line basis over the lease term.

(f) Accounts and other receivables

Accounts and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

4. TAXATION

No provision has been made for Hong Kong Profits Tax as the company is a charitable organisation exempted from taxation under section 88 of the Inland Revenue Ordinance.

YOUNG LIFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

5. ADMINISTRATIVE EXPENSES

| | <u>2022</u> | (Restated) |
|---|------------------|------------------|
| | \$ | <u>2021</u> |
| | | \$ |
| Auditors' remuneration | 10,500 | 10,000 |
| Bank service charges | 32,337 | 6,487 |
| Banquet expenses | 5,467 | 12,497 |
| Building management fee | 80,968 | 51,609 |
| Camp and program expenses | 259,121 | (11,490) |
| Cleaning fee | 6,500 | 8,000 |
| Depreciation | 92,691 | 12,210 |
| Donor care expenses | 4,742 | 6,191 |
| Exchange loss | -- | 65 |
| Fundraising expenses | 24,324 | 8,772 |
| Government rent and rates | 2,825 | -- |
| Leadership meetings | 18,756 | 30,774 |
| Legal and professional fee | 5,000 | 9,350 |
| Loss on disposal of property, plant and equipment | 25,900 | -- |
| Mandatory Provident Fund | 159,143 | 125,259 |
| Furniture and equipment | -- | 9,014 |
| Office expenses | 4,750 | (27,736) |
| Office insurance | 11,489 | 10,488 |
| Postage and freight | 10,549 | 6,875 |
| Printing expenses | 12,690 | 6,699 |
| Rental expenses - office rental | 237,485 | 293,096 |
| Rental expenses – printing | -- | 4,680 |
| Repair and maintenance | 3,440 | -- |
| Software applications | 27,927 | 27,602 |
| Staff compensation | 3,494,205 | 2,846,490 |
| Staff events | 7,525 | 14,059 |
| Staff benefits | 757,695 | 1,009,476 |
| Sundry expenses | 22,673 | 12,560 |
| Telephone and internet services | 26,601 | 15,634 |
| Training expenses | 5,462 | 15,881 |
| Travel and conference | 21,908 | -- |
| Utilities | 8,901 | 12,091 |
| Vehicle | 285 | 4,256 |
| | <u>5,381,859</u> | <u>4,530,889</u> |

YOUNG LIFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

6. PROPERTY, PLANT AND EQUIPMENT

| | <u>Leasehold improvement</u> \$ | <u>Furniture and equipment</u> \$ | <u>Total</u> \$ |
|--|--|--|--------------------|
| <u>Cost:</u> | | | |
| At October 1, 2021 | 57,350 | 22,700 | 80,050 |
| Additions | 449,000 | 13,643 | 462,643 |
| Disposals | (57,350) | (22,700) | (80,050) |
| At September 30, 2022 | <u>449,000</u> | <u>13,643</u> | <u>462,643</u> |
| <u>Accumulated depreciation and impairment losses:</u> | | | |
| At October 1, 2021 | 34,410 | 19,740 | 54,150 |
| Depreciation for the year | 89,800 | 2,891 | 92,691 |
| Eliminated on disposals | (34,410) | (19,740) | (54,150) |
| At September 30, 2022 | <u>89,800</u> | <u>2,891</u> | <u>92,691</u> |
| <u>Net carrying amount:</u> | | | |
| At October 1, 2021 | <u>22,940</u> | <u>2,960</u> | <u>25,900</u> |
| At September 30, 2022 | <u>359,200</u> | <u>10,752</u> | <u>369,952</u> |

7. BENEFITS AND INTERESTS OF DIRECTORS

None of the directors received or will receive any fees or emoluments in respect of their service to the company during the year (2021: Nil).

YOUNG LIFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

8. OPERATING LEASE COMMITMENTS

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

| | <u>2022</u> | <u>2021</u> |
|-------------------------|----------------|----------------|
| | \$ | \$ |
| Not later than one year | 199,150 | 241,320 |
| Later than one year | -- | 199,150 |
| | <u>199,150</u> | <u>440,470</u> |
| | ===== | ===== |

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.