



For and on behalf of
U-HEARTS 兩地一心

Wong Yan Yan
.....
(Authorized Signature)

WONG Yan Yan
Director

U-HEARTS
兩地一心

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

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REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of U-Hearts ("the Association") for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the Association is the organisation of charitable activities to carry out the objects of the Association. There was no significant change in the nature of the Association's principal activity during the year.

LIABILITY OF MEMBERS

The Association is incorporated under the Hong Kong Companies Ordinance as a company limited by guarantee and, accordingly, has no issued share capital. The liability of each of the individual members is limited to HK\$100.

RESULTS

The Association's surplus for the year ended 31 December 2020 and its state of affairs at that date are set out in the financial statements on pages 6 to 22.

BUSINESS REVIEW

The Association falls within reporting exemption for the financial year. Accordingly, the Association is exempted from preparing a business review.

PLANT AND EQUIPMENT

Details of movements in the Association's plant and equipment during the year are set out in note 4 to the financial statements.

DIRECTORS

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

KWAN Kwok Ying
WONG Yan Yan

In accordance with article 46 and 47 of the Association's Articles of Association, all directors who have been in office for a term of two years since their last election or for a term as otherwise determined by the Association in general meeting shall retire from office and being eligible for re-election at the annual general meeting after the completion of such term.

DIRECTORS' INTERESTS

During the year none of the directors had a material interest in any contract with the Association.

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

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REPORT OF THE DIRECTORS (Continued)

PERMITTED INDEMNITY PROVISION

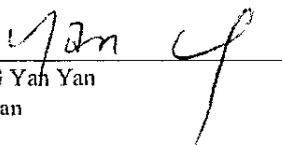
At no time during the financial year were there any permitted indemnity provisions in force for the benefits of one or more directors of the Association.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefits of one or more directors of the Association.

AUDITORS

The financial statements for the year were audited by Messrs. Lau Ho & Company who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



WONG Yan Yan
Chairman

Hong Kong, 15 April 2021



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF U-HEARTS

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(Incorporated in Hong Kong with limited by guarantee)

Opinion

We have audited the financial statements of U-Hearts [兩地一心] set out on pages 6 to 22, which comprise the statement of financial position as at 31 December 2020, and the statement of income and expenditure, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, 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 December 2020, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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.

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.



INDEPENDENT AUDITORS' REPORT (Continued)

TO THE MEMBERS OF U-HEARTS

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(Incorporated in Hong Kong with limited by guarantee)

Responsibilities of directors 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 HKFRSs 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 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.

The directors 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.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE MEMBERS OF U-HEARTS

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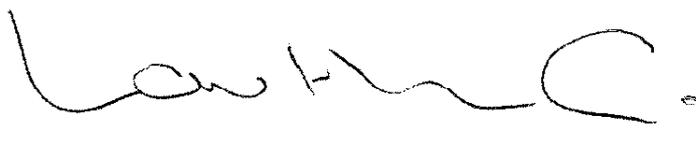
(Incorporated in Hong Kong with limited by guarantee)

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (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 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.
- 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 the directors 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.



Lau Ho & Company
Certified Public Accountants (Practising)

Hong Kong, 15 April 2021

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STATEMENT OF FINANCIAL POSITION*As at 31 December 2020*

	Note	2020 HK\$	2019 HK\$
Non-current assets			
Fixed assets			
- Plant and equipment	4	-	-
Current assets			
Other receivables	5	400,656	29,172
Cash at bank and on hand		1,410,439	1,345,303
		1,811,095	1,374,475
Deduct: Current liabilities			
Other payables	6	43,112	43,112
Net current assets		1,767,983	1,331,363
Total assets less current liabilities		1,767,983	1,331,363
Total funds			
General Fund	7	(21,764)	151,089
Poverty Alleviation Fund	7	(459,838)	(340,358)
School Project Fund	7	2,064,800	1,165,397
Student Aid Fund	7	625,817	818,017
Youth Development Fund	7	(441,032)	(462,782)
		1,767,983	1,331,363



KWAN Kwok Ying
Director



WONG Yan Yan
Director

The attached notes form an integral part of these financial statements.

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STATEMENT OF INCOME AND EXPENDITURE*For the year ended 31 December 2020*

	Note	2020 HK\$	2019 HK\$
Income		8,234,917	5,153,614
Expenditure		<u>(7,798,297)</u>	<u>(5,713,974)</u>
Surplus/(deficit) for the year	8	436,620	(560,360)
Transferred from/(to):			
General Fund		172,853	28,565
Poverty Alleviation Fund		119,480	(62,965)
School Project Fund		(899,403)	59,208
Student Aid Fund		192,200	348,114
Youth Development Fund		<u>(21,750)</u>	<u>187,438</u>
		<u>-</u>	<u>-</u>

The attached notes form an integral part of these financial statements.

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STATEMENT OF CHANGES IN ACCUMULATED FUNDS

For the year ended 31 December 2020

	General Fund HK\$	Poverty Alleviation Fund HK\$	School Project Fund HK\$	Student Aid Fund HK\$	Youth Development Fund HK\$	Total HK\$
Balance at 1 January 2019	179,654	(403,323)	1,224,605	1,166,131	(275,344)	1,891,723
Changes in accumulated funds:						
Transferred from/(to) statement of income and expenditure	(28,565)	62,965	(59,208)	(348,114)	(187,438)	(560,360)
Balance at 31 December 2019	151,089	(340,358)	1,165,397	818,017	(462,782)	1,331,363
Balance at 1 January 2020	151,089	(340,358)	1,165,397	818,017	(462,782)	1,331,363
Changes in accumulated funds:						
Transferred from/(to) statement of income and expenditure	(172,853)	(119,480)	899,403	(192,200)	21,750	436,620
Balance at 31 December 2020	(21,764)	(459,838)	2,064,800	625,817	(441,032)	1,767,983

The attached notes form an integral part of these financial statements.

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STATEMENT OF CASH FLOWS*For the year ended 31 December 2020*

	Note	2020 HK\$	2019 HK\$
Operating activities			
Surplus/(deficit) for the year		436,620	(560,360)
Adjustment for:			
Interest income		<u>(959)</u>	<u>(1,740)</u>
Operating surplus/(deficit) before working capital changes		435,661	(562,100)
(Increase)/decrease in other receivables		<u>(371,484)</u>	<u>266,505</u>
Cash generated from/(used in) operations		64,177	(295,595)
Interest received		<u>959</u>	<u>1,740</u>
Net cash from/(used in) operating activities		65,136	(293,855)
Net cash from investing activities		-	-
Net cash from financing activities		<u>-</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents		65,136	(293,855)
Cash and cash equivalents at beginning of the year		<u>1,345,303</u>	<u>1,639,158</u>
Cash and cash equivalents at end of the year	11	<u>1,410,439</u>	<u>1,345,303</u>

The attached notes form an integral part of these financial statements.

U-HEARTS

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE INFORMATION AND MEMBERS' LIABILITY

U-Hearts is a non-profit-making charitable organisation incorporated under the Hong Kong Companies Ordinance as an association limited by guarantee. The liability of each of the individual members is limited to HK\$100 in the event of the Association being wound up. The Association had 122 members as at the end of the reporting period. The registered office of the Association is located on Flat 12, 9th Floor, Block B, Tonic Industrial Centre, 19 Lam Hing Street, Kowloon Bay, Kowloon, Hong Kong.

During the year, the Association was involved in the organisation of charitable activities to carry out the objects of the Association.

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements of the Association are set out as follows:-

(a) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622). A summary of the significant accounting policies adopted by the Association is set out below.

The HKICPA has issued certain new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Association. There is no significant impact to the Association from initial application of these new and revised HKFRSs for the current and prior accounting periods.

The Association has not adopted any new standard or interpretation that is not yet effective for the current accounting period.

(b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The measurement basis used in the preparation of the financial statements is the historical cost basis. The financial statements are presented in Hong Kong Dollars and all values are rounded to the nearest dollar except when otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) FINANCIAL INSTRUMENTS

The Association classifies its financial instruments into the following categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred.

(1) Financial assets

The Association's financial assets include other receivables and are classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Any changes in their value are recognised in the statement of comprehensive income.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Association will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

(2) Financial liabilities

The Association's financial liabilities include accruals and other payables. Financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost or valuation of each item of plant and equipment, less its estimated residual value, if any, using the straight-line method over its residual value over its estimated useful life, unless otherwise indicated. The estimated annual rates of depreciation adopted, if any, are as follows:

- Furniture and equipment 20%

Where parts of an item of plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) LEASED ASSETS

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Association determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Association

Assets that are held by the Association under leases which transfer to the Association substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Association are classified as operating leases.

Operating lease charges

Where the Association has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered the lease term, except where an alternative basis is more representative of the patterns of benefits to be derived from the leased asset.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) CREDIT LOSSES AND IMPAIRMENT OF ASSETS

(i) Credit losses from financial instruments

The Association recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalents and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Association in accordance with the contract and the cash flows that the Association expects to receive).

The expected cash shortfalls of other receivables are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

In measuring ECLs, the Association takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: there are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Association recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Association compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Association considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Association in full, without recourse by the Association to actions such as realising security. The Association considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Association.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Association recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

At each reporting date, the Association assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Association determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

An assessment is carried out at the end of each reporting period to determine whether there are any internal or external indications that assets are impaired. If such indications exist, the recoverable amount of the assets, being the greater of its net selling price or value in use, is estimated. The carrying amount of the asset is reduced to its recoverable amount where appropriate. Such impairment loss is recognised in profit or loss.

(g) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) EMPLOYEE BENEFITS

Short term employee benefits and contributions to defined contribution retirement plans

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.

Retirement benefit costs

The Association operates a mandatory provident fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Association in an independently administered fund. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as and when the contributions fall due.

(i) INCOME AND EXPENDITURE RECOGNITION

Income represents donations and subscription fee received from members and donors and income from charitable programmes during the year.

Revenue is recognised when it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of returns and discounts.

(i) Donation income and subscription fee received

Donations and subscription fee received are recognised on a cash basis.

(ii) Income from charitable programmes

Income from charitable programmes is recognised in the period in which the programmes were held.

(iii) Interest income

Interest income is recognised using the effective interest rate method.

Any other income not mentioned above is recognised whenever it is received or receivable.

All expenditure is recognised on an accrual basis.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the accounts of the Association are measured using the currency of the primary economic environment in which the Association operates (the functional currency). The financial statements are presented in Hong Kong Dollars ("HK\$"), which is the functional and presentation currency.

(k) TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies are translated into the functional currency of the Association using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(l) RELATED PARTIES

A party is considered to be related to the Association if:

- (i) the party is a person or a close member of that person's family and that person
 - (1) has control or joint control over the Association;
 - (2) has significant influence over the Association; or
 - (3) is a member of the key management personnel of the Association or of a parent of the Association.

or

- (ii) the party is an entity where any of the following conditions applies:
 - (1) the entity and the Association are members of the same group;
 - (2) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (3) the entity and the Association are joint ventures of the same third party;
 - (4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (5) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association;

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) RELATED PARTIES (Continued)

(ii) the party is an entity where any of the following conditions applies: (Continued)

- (6) the entity is controlled or jointly controlled by a person identified in (i);
- (7) a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (8) the entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Association. None of these developments are relevant to the Association's financial statements and the Association has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)*For the year ended 31 December 2020***4. FIXED ASSETS
- PLANT AND EQUIPMENT**

	Furniture and equipment HK\$
COST	
At 1 January 2020 and at 31 December 2020	19,478
DEDUCT: ACCUMULATED DEPRECIATION	
At 1 January 2020 and at 31 December 2020	<u>19,478</u>
NET BOOK VALUES	
At 31 December 2020	<u><u>-</u></u>
At 31 December 2019	<u><u>-</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

5. OTHER RECEIVABLES

	2020	2019
	HK\$	HK\$
Deposits, prepayments and sundry receivables	400,656	29,172

6. OTHER PAYABLES

	2020	2019
	HK\$	HK\$
Accruals and sundry payables	13,000	13,000
Amounts due to a related party	30,112	30,112
	43,112	43,112

7. FUNDS

General Fund

The purpose of the General Fund is to finance Association's administrative expenditure and activities organized by the Association.

Poverty Alleviation Fund

The purpose of the Poverty Alleviation Fund is to finance the expenditure on the Poverty Alleviation Programme.

School Project Fund

The purpose of the School Project Fund is to finance the construction of schools in PR China.

Student Aid Fund

The purpose of the Student Aid Fund is to finance the expenditure on the Student Aid Programme.

Youth Development Fund

The purpose of the Youth Development Fund is to finance the expenditure on the Youth Development Programme.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

8. SURPLUS/(DEFICIT) FOR THE YEAR

	2020	2019
	HK\$	HK\$
Surplus/(deficit) for the year is stated after charging:		
Auditors' remuneration (Voluntary)	13,000	13,000
Expenditure on Poverty Alleviation Programme	144,480	173,965
Expenditure on Student Aid Programme	1,600,938	2,454,551
Expenditure on Youth Development Programme	19,800	576,720
School project expenditure	4,211,069	1,251,171
Directors' remuneration		
Fees	-	-
Other emoluments	-	-
Operating leases charges (minimum lease payments)		
Hire of land and buildings	186,000	186,000
Employee benefits expenses	359,942	183,435
and after crediting:		
Donation income	1,648,198	1,227,262
Income from Poverty Alleviation Programme	25,000	236,930
Income from Student Aid Programme	1,408,738	2,106,437
Income from Youth Development Programme	41,550	389,282
Interest income	959	1,740
School project income	5,110,472	1,191,963

9. INCOME TAX

The Association is exempt from Hong Kong profits tax under Section 88 of the Hong Kong Inland Revenue Ordinance as a charitable institution of a public character. Accordingly, no provision for Hong Kong profits tax has been made for the year.

10. RELATED PARTY DISCLOSURES

During the year, the Association had the following significant related party's balance:-

(i) Financing arrangements

		As at 31 December	
	Note	2020	2019
		HK\$	HK\$
Amounts due to U-Hearts (Unlimited)	(1)	30,112	30,112

(1) The outstanding balance with the related party was unsecured, interest free and had no fixed repayment terms.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:-

	2020 HK\$	2019 HK\$
Cash at bank and on hand	<u>1,410,439</u>	<u>1,345,303</u>

12. FINANCIAL RISK MANAGEMENT

Exposure to credit risk, liquidity risk, interest rate risk and currency risk arises in the normal course of the Association's business. These risks are limited by the Association's financial management policies and practices described below.

Credit risk

The Association's principal financial assets are bank deposits and other receivables. The credit risk on the liquid funds is limited because of the close involvement of the management in overseeing the recovery of the assets.

Liquidity risk

The Association's policy is to regularly monitor its liquidity to ensure that it maintains sufficient reserves of cash and readily realisable assets to meet its liquidity requirements in the short and long terms.

Interest rate risk

The Association has no significant interest-bearing assets and liabilities. Cash at bank earns interest at rates based on bank's deposit rates.

Currency risk

The Association has no significant exposure to foreign currency risk as substantially all of the Association's transactions are denominated in its functional currency, Hong Kong Dollars.

13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 15 April 2021.

(For management purposes only)

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DETAILED STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31 December 2020

	Note	2020 HK\$	2019 HK\$
Income			
Donation income	1	1,648,198	1,227,262
Income from			
Poverty Alleviation Programme	2	25,000	236,930
Income from			
Student Aid Programme	3	1,408,738	2,106,437
Income from			
Youth Development Programme	4	41,550	389,282
Interest income		959	1,740
School project income	5	<u>5,110,472</u>	<u>1,191,963</u>
		8,234,917	5,153,614
Deduct: Expenditure			
Expenditure on			
Poverty Alleviation Programme	6	144,480	173,965
Expenditure on			
Student Aid Programme	7	1,600,938	2,454,551
Expenditure on			
Youth Development Programme	8	19,800	576,720
General and administrative expenses	9	1,822,010	1,257,567
School project expenditure	10	<u>4,211,069</u>	<u>1,251,171</u>
		7,798,297	5,713,974
Surplus/(deficit) for the year		436,620	(560,360)
Transferred (to)/from:			
General Fund		172,853	28,565
Poverty Alleviation Fund		119,480	(62,965)
School Project Fund		(899,403)	59,208
Student Aid Fund		192,200	348,114
Youth Development Fund		<u>(21,750)</u>	<u>187,438</u>
		<u>-</u>	<u>-</u>

(For management purposes only)

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DETAILED STATEMENT OF INCOME AND EXPENDITURE (Continued)

For the year ended 31 December 2020

	2020 HK\$	2019 HK\$
Note 1 - Donation income		
一般捐款	741,893	461,535
活動收入-孝愛共融	3,000	12,300
活動收入-Love & Dine	12,400	47,200
活動收入-音樂會	10,000	-
活動收入-揚愛傳承	179,950	456,227
活動收入-金榮中國	-	250,000
活動收入-童夢畫畫比賽	80,881	-
活動收入-童夢二手電腦捐贈大行	84,174	-
活動收入-微笑慈善基金	500,000	-
活動收入-父親節活動	5,000	-
活動收入-這個冬天不太冷福袋送	30,900	-
	<u>1,648,198</u>	<u>1,227,262</u>
Note 2 - Income from Poverty Alleviation Programme		
一般扶貧捐款收入	-	3,000
扶貧捐款收入-廣東省惠州	-	5,000
扶貧捐款收入-廣東懷集	25,000	45,000
山區圖書閣捐款收入	-	47,817
扶貧捐款收入-甘肅慶陽孤兒資助	-	40,900
扶貧捐款收入-雲南五峰完小學	-	45,000
扶貧捐款收入-廣西新村小學	-	50,213
	<u>25,000</u>	<u>236,930</u>
Note 3 - Income from Student Aid Programme		
一般助學捐款收入	971,104	246,657
助學捐款收入-1對1-廣東懷集	-	48,087
助學捐款收入-1對1-廣西全州	-	274,348
助學捐款收入-1對1-廣西蒼梧	59,307	204,643
助學捐款收入-1對1-貴州台江	-	153,203
助學捐款收入-1對1-貴州平塘	-	12,000
助學捐款收入-1對1-雲南大理	90,043	72,065
助學捐款收入-1對1-雲南麗江	124,387	102,935
助學捐款收入-1對1-甘肅慶陽	-	248,910
助學捐款收入-1對1-江西贛州	-	16,899
助學組大學生資助計劃收入	-	98,774
大學生資助計劃收入-廣西全州	-	21,739
	<u>1,244,841</u>	<u>1,500,260</u>
Balance c/f		

(For management purposes only)

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DETAILED STATEMENT OF INCOME AND EXPENDITURE (Continued)

For the year ended 31 December 2020

	2020 HK\$	2019 HK\$
Note 3 - Income from Student Aid Programme (Continued)		
Balance b/f	1,244,841	1,500,260
大學生資助計劃收入-貴州台江	59,302	10,311
大學生資助計劃收入-雲南大理	-	4,891
大學生資助計劃收入-甘肅慶陽	-	7,659
生活資助收入-雲南大理	9,488	3,043
其他助學收入-廣東懷集	5,233	69,364
其他助學收入-廣西蒼梧	-	2,000
其他助學收入-甘肅涇川	-	2,174
其他助學收入-甘肅慶陽	89,874	193,748
2019-113動樂日收入	-	221,510
「關愛棉棉」收入	-	91,477
	<u>1,408,738</u>	<u>2,106,437</u>
Note 4 - Income from Youth Development Programme		
青少年發展一般捐款收入	-	60,000
青展 - U-Training 收入	41,550	45,300
青展 - 一心，為青少年跑跑跑收入	-	283,982
	<u>41,550</u>	<u>389,282</u>
Note 5 - School project income		
一般建校捐款收入	2,176,500	68,000
建校捐款收入 - 寧康鄉中心校	-	148,500
建校捐款收入 - 金釵小學	-	350,000
建校捐款收入 - 木雙鎮中心校	-	125,463
建校捐款收入 - 毛墟小學	-	500,000
建校捐款收入 - 沿江小學	616,277	-
建校捐款收入 - 平福鄉中心小學	300,000	-
建校捐款收入 - 奇沖小學禮岸分校	700,000	-
建校捐款收入 - 止馬小學	615,702	-
建校捐款收入 - 教學設備	701,993	-
	<u>5,110,472</u>	<u>1,191,963</u>

(For management purposes only)

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DETAILED STATEMENT OF INCOME AND EXPENDITURE (Continued)

For the year ended 31 December 2020

	2020 HK\$	2019 HK\$
Note 6 - Expenditure on Poverty Alleviation Programme		
大學生特別資助支出	101,605	-
山區圖書館支出	5,730	45,092
廣東省懷集支出	17,778	39,635
廣西蒼梧縣支出	3,800	-
甘肅512支出	-	5,000
廣東龍村小學開支	-	48,329
紫金縣九和中心小學開支	6,667	3,300
廣西木護小學開支	-	32,609
甘肅窟店鎮小學支出	8,900	-
	<u>144,480</u>	<u>173,965</u>
Note 7 - Expenditure on Student Aid Programme		
一般助學支出	155,790	132,019
助學支出 - 1對1 - 廣東懷集	17,442	-
助學支出 - 1對1 - 廣西全州	-	175,550
助學支出 - 1對1 - 廣西蒼梧	266,860	89,674
助學支出 - 1對1 - 江西贛州	29,058	31,425
助學支出 - 1對1 - 貴州台江	-	250,000
助學支出 - 1對1 - 貴州平塘	27,907	37,381
助學支出 - 1對1 - 雲南大理	85,714	110,577
助學支出 - 1對1 - 雲南麗江	118,690	206,298
助學支出 - 1對1 - 甘肅慶陽	-	151,084
助學支出 - 1對1 - 廣西全州	176,744	-
大學生資助計劃支出 - 廣東懷集	213,698	104,459
大學生資助計劃支出 - 廣西全州	-	86,070
大學生資助計劃支出 - 廣西蒼梧	-	133,352
大學生資助計劃支出 - 貴州台江	57,919	90,558
大學生資助計劃支出 - 貴州平塘	-	31,994
大學生資助計劃支出 - 雲南大理	-	46,096
大學生資助計劃支出 - 甘肅慶陽	-	9,881
生活資助支出 - 廣東懷集	5,618	-
生活資助支出 - 廣西全州	5,714	22,401
生活資助支出 - 廣西蒼梧	-	12,717
其他助學支出 - 廣東懷集	-	69,364
其他助學支出 - 廣西蒼梧	87,131	58,528
其他助學支出 - 江西贛州	-	4,464
其他助學支出 - 甘肅慶陽	295,090	228,872
其他助學支出 - 甘肅涇川	-	9,877
	<u>1,543,375</u>	<u>2,092,641</u>
Balance c/f		

(For management purposes only)

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DETAILED STATEMENT OF INCOME AND EXPENDITURE (Continued)

For the year ended 31 December 2020

	2020 HK\$	2019 HK\$
Note 7 - Expenditure on Student Aid Programme (Continued)		
Balance b/f	1,543,375	2,092,641
其他助學支出-貴州平塘	1,395	-
2019-113動樂日支出	-	187,024
關愛棉棉支出	56,168	174,886
	<u>1,600,938</u>	<u>2,454,551</u>
Note 8 - Expenditure on Youth Development Programme		
青少年發展一般支出	-	1,500
青少年發展行政支出	-	222,900
青展-YOL12大庄中學支出	-	44,693
青展-「Express 我的祝福」支出	-	986
青展-「Express 我的美好時光」支出	-	9,500
青展-U-Talks支出	-	48,385
青展-U-Training支出	16,350	181,275
青展-一心. 為青少年跑跑跑	-	67,481
青展-「童夢畫畫比賽」支出	3,450	-
	<u>19,800</u>	<u>576,720</u>
Note 9 - General and administrative expenses		
活動支出 - 孝愛共融	13,456	6,481
活動支出 - Love & Dine	15,000	49,200
活動支出 - 聽你聽我	-	4,800
活動支出 - 揚愛傳承	180,528	435,372
活動支出 - 金榮中國	33,040	112,355
活動支出 - 童夢二手電腦捐贈大行	555,631	-
活動支出 - 母親節活動	1,198	-
活動支出 - 父親節活動	14,270	-
活動支出 - 愛在中秋	36,000	-
行政支出	235,699	-
境外非政府組織管理法申請手續開支	650	61,229
Auditors' remuneration (Voluntary)	13,000	13,000
Bank charges	3,264	5,752
Cleaning	5,861	9,900
Computer software	1,122	2,798
Electricity, tele-communication and water	21,809	19,150
Exchange difference	7,506	1,458
Balance c/f	<u>1,138,034</u>	<u>721,495</u>

(For management purposes only)

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DETAILED STATEMENT OF INCOME AND EXPENDITURE (Continued)

For the year ended 31 December 2020

	2020 HK\$	2019 HK\$
Note 9 - General and administrative expenses (continued)		
Balance b/f	1,138,034	721,495
Hire of land and buildings under operating leases	186,000	186,000
Insurance	8,191	8,343
Office supplies	11,224	-
Postage, printing and stationery	83,877	66,671
Provident fund expenses	14,340	9,435
Rates and building management	21,720	21,248
Salaries and allowances	345,602	174,000
Sundries	9,012	62,581
Travelling	4,010	7,794
	<u>1,822,010</u>	<u>1,257,567</u>
Note 10 - School project expenditure		
一般建校費用	123,735	-
建校費用 - 忙孝小學	-	410,791
建校費用 - 清水小學	-	62,665
建校費用 - 平昨小學	-	39,873
建校費用 - 順崗小學	-	100,000
建校費用 - 夏寺小學	-	285,714
建校費用 - 田東小學	-	10,000
建校費用 - 寧康鄉中心校	58,140	281,147
建校費用 - 沿江小學	615,740	4,484
教學設備項目 - 金榮中國	-	56,497
建校費用 - 金銀小學	168,219	-
建校費用 - 木雙鎮中心校	168,219	-
建校費用 - 毛墟小學	117,700	-
建校費用 - 平福鄉中心小學	467,885	-
建校費用 - 奇沖小學禮岸分校	178,571	-
建校費用 - 洽水鎮中心小學	406,977	-
建校費用 - 橫水中心小學	352,990	-
建校費用 - 新村小學	297,619	-
建校費用 - 止馬小學	162,791	-
建校費用 - 新鋪小學	119,048	-
建校費用 - 民益小學	119,048	-
建校費用 - 教學設備	854,387	-
	<u>4,211,069</u>	<u>1,251,171</u>