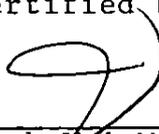


BASIC GOODNESS FOUNDATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Certified by director



Kwok Wai Ming
13 JAN 2020

CR
收件日期 RECEIVED
14 JAN 2020
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Section

K. M. CHAN & COMPANY
陳傑明會計師事務所

Certified Public Accountants



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BASIC GOODNESS FOUNDATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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BASIC GOODNESS FOUNDATION LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2018.

FINANCIAL RESULTS

The results of the Company for the year ended 31 December 2018 and its state of affairs at that date are set out in the financial statements on pages 6 to 12. The principal activities of the Company are to promote education in Mainland China, Hong Kong and other Asian countries, and to promote health care activities with charitable organisations in Hong Kong.

DIRECTORS

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

Kwok Wai Ming
Gan Gem Yea Shiuan

In accordance with the Articles 37 and 38 of the Articles of Association of the Company, all directors retire and being eligible, offer themselves for re-election.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company after 31 December 2018 and up to the date of this report.

MANAGEMENT CONTRACTS

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

EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Company during the year or subsisted at the end of the year.

BASIC GOODNESS FOUNDATION LIMITED

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

At no time during the year were there any permitted indemnity provisions in force for benefit of one or more directors of the Company. At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Company.

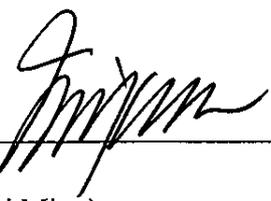
BUSINESS REVIEW

The directors are of the opinion that the Company falls within reporting exemption for the financial year. Accordingly, the Company is exempted from preparing a business review pursuant to Section 388(3) of the Hong Kong Companies Ordinance.

AUDITORS

The auditors, Messrs. K. M. Chan & Company, Certified Public Accountants, retire and being eligible, offer themselves for re-appointment.

On behalf of the Board



Chairman
(Kwok Wai Ming)

Hong Kong, 28 JUN 2019

K. M. CHAN & COMPANY

Certified Public Accountants

陳傑明會計師事務所

香港九龍尖沙咀
北京道172號

香港執業會計師

Rm 1702, One Peking,
1 Peking Road, Tsimshatsui,
Kowloon, Hong Kong.



Tel.: (852) 2626 0962
Fax: (852) 2626 1866

INDEPENDENT AUDITOR'S REPORT **TO THE MEMBERS OF** **BASIC GOODNESS FOUNDATION LIMITED**

(Incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Basic Goodness Foundation Limited ("the Company") set out on pages 6 to 12, which comprise the statement of financial position as at 31 December 2018, 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 Hong Kong 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.

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 AUDITOR'S REPORT (Cont'd)

TO THE MEMBERS OF

BASIC GOODNESS FOUNDATION LIMITED

(Incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

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.

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. This report is made 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.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

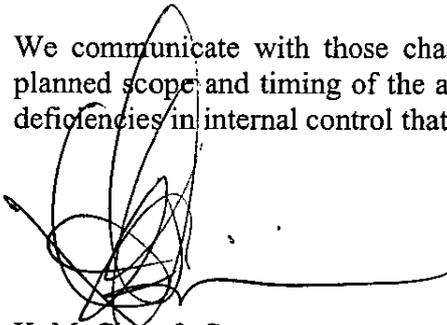
TO THE MEMBERS OF

BASIC GOODNESS FOUNDATION LIMITED

(Incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

- 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.



K. M. Chan & Company
Certified Public Accountants

Hong Kong, 28 JUN 2019

BASIC GOODNESS FOUNDATION LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
INCOME	4	8	5,000
EXPENDITURE			
Audit fee		6,000	6,000
Bank charges		2,400	2,325
Sundry expenses		1,300	1,300
		<u>(9,700)</u>	<u>(9,625)</u>
DEFICIT FOR THE YEAR	5	<u>(9,692)</u>	<u>(4,625)</u>

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

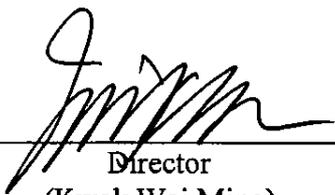
BASIC GOODNESS FOUNDATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
CURRENT ASSETS			
Cash and bank balances		<u>24,277</u>	<u>26,669</u>
CURRENT LIABILITIES			
Accrued expenses		<u>(21,900)</u>	<u>(14,600)</u>
NET CURRENT ASSETS		<u>2,377</u>	<u>12,069</u>
RESERVES			
Accumulated fund	9	<u>2,377</u>	<u>12,069</u>

Approved by the Board of Directors and authorised for issue on 28 JUN 2019



Director
(Kwok Wai Ming)



Director
(Gan Gem Yea Shiuan)

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

BASIC GOODNESS FOUNDATION LIMITED
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018

(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>Accumulated Fund</u> \$
At 1 January 2017		16,694
Deficit for the year		<u>(4,625)</u>
At 31 December 2017	9	<u>12,069</u>
At 1 January 2018		12,069
Deficit for the year		<u>(9,692)</u>
At 31 December 2018	9	<u>2,377</u>

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

BASIC GOODNESS FOUNDATION LIMITED

NOTES ON THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. GENERAL STATUS

The Company was incorporated in Hong Kong with liability limited by guarantee and not having a share capital. Its registered office is situated at Suite 2801-03 & 06, 28/F., China United Centre, 28 Marble Road, North Point, Hong Kong. The principal activities of the Company are to promote education in Mainland China, Hong Kong and other Asian countries, and to promote health care activities with charitable organisations in Hong Kong.

Under the provision of the Company's Articles of Association, every member shall, in the event of the Company being wound up, contribute such an amount as may be required to meet the liabilities of the Company but not exceeding the sum of HK\$100 for each member.

2. BASIS OF PREPARATION AND PRESENTATION

The Company qualifies for the reporting exemption as a 'small guarantee company' under Sections 359(1)(a) and 363 of the Hong Kong Companies Ordinance. Accordingly, the Company is to fall within the reporting exemption for the financial year ended 31 December 2016 and is entitled to prepare and present its annual financial statements in accordance with 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 applicable to financial statements for the financial period beginning on or after 3 March 2014, and where relevant, the presentation of the financial statements is amended as required in accordance with the requirements of the SME-FRS (Revised December 2015), and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

The measurement base adopted is the historical cost convention.

These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised in the income statement as follows:

Donation income is recognised when the Company becomes entitled to the donation and it is probable that it will be received, which is generally upon the receipt of cash.

Interest income is recognised on a time-proportion basis.

BASIC GOODNESS FOUNDATION LIMITED

NOTES ON THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

(b) Related parties

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

- (I) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

- (II) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one 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 Company or an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (b)(I); and
 - (vii) a person identified in (b)(I)(i) 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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(c) Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

BASIC GOODNESS FOUNDATION LIMITED

NOTES ON THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

(d) Translation of foreign currencies

Foreign currency monetary assets and liabilities at the year end are translated into Hong Kong dollars at approximately the market rates of exchange ruling at the end of the reporting period. Foreign currency transactions during the year were translated into Hong Kong dollars at the rates ruling at the transaction dates. Differences on foreign currency translation are dealt with in the income statement.

4. INCOME

An analysis of the Company's income is as follows:-

	<u>2018</u>	<u>2017</u>
	\$	\$
Donations received	-	5,000
Interest income	8	-
	<u>8</u>	<u>5,000</u>

5. DEFICIT FOR THE YEAR

Deficit for the year is arrived at after charging / (crediting):-

	<u>2018</u>	<u>2017</u>
	\$	\$
Interest income	<u>(8)</u>	<u>-</u>

6. DIRECTORS' REMUNERATION

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Fees	Nil	Nil
Other emoluments	<u>Nil</u>	<u>Nil</u>

7. TAXATION

No provision for taxation is required in these financial statements as the Company, as an approved charitable institution, is exempted from taxation by virtue of Section 88 of the Hong Kong Inland Revenue Ordinance.

BASIC GOODNESS FOUNDATION LIMITED

NOTES ON THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

8. RELATED PARTY TRANSACTION

During the year, the director Ms. Kwok Wai Ming provided a rent-free registered address to the Company at Suite 2801-03 & 06, 28/F., China United Centre, 28 Marble Road, North Point, Hong Kong.

9. ACCUMULATED FUND

Accumulated fund is defined as surplus resources that the Company has retained at the end of the financial year in order to defray the cost of the exercise of the Company's powers and the performance of its duties or the furtherance of its charitable objects under the Articles of Association, and to pay the outgoings in respect of the Company as a whole. Surplus or deficit of the year will be transferred to the Accumulated Fund. The amounts of the Company's Accumulated Fund and the movements therein are presented in the Statement of Changes in Funds.