

HandsOn Hong Kong Limited
牽手香港有限公司

Financial statements for the year ended 31 December 2020



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Report of the directors

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2020.

Principal place of business

HandsOn Hong Kong Limited (“the company”) is a charitable institution incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Unit A, 9th Floor, Easy Tower, 609-611 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

Principal activities

The company is a charitable institution limited by guarantee. Tax is exempted under Section 88 of the Inland Revenue Ordinance. The principal activities of the company during the financial year were (i) assisting and supporting the work of charitable organizations in Hong Kong involved in the relief of poverty and distress, including but not limited to, the organization and provision of a pool of volunteers to participate in voluntary programs organized in conjunction with these charitable organizations, (ii) assisting and supporting the work of charities who look after the underprivileged sectors including the poor, elderly, young children, people with disabilities by raising donations, planning fund-raising events and designing and implementing community service and outreach projects for these sectors, (iii) assisting and working with organizations involved in improving the physical living environment and general living standards of the underprivileged, and (iv) organizing community outreach programs which bring help and good aid to needy members of the community, such as the provision of home-delivered meal services to the elderly and the homeless.

Business review

Review of the company’s business

Nature of business

The company’s mission is to empower everyone in Hong Kong to volunteer. We envision a Hong Kong where our community serves together to meet all social needs.

The company rents its principal place of business in Kowloon, under a commercial operating lease, set to expire on 15 March 2023. The lease has no automatic right of renewal.

External environment impacting the business

Year 2020 was a challenging year for Hong Kong’s economy. Although the city was starting to rebound, it was already in a recession from 2019 due to US–China trade tensions and domestic social unrest. In January 2020, Hong Kong reported its first local COVID-19 case and the government quickly rolled out social distancing measures and travel restrictions, further reducing economic activity.

Business review (continued)

Review of the company's business (continued)

External environment impacting the business (continued)

The non-profit sector was hit hard by the pandemic, with fundraising events and revenue generating programs being cancelled or postponed for public health and safety.

Balancing the trade-off between curbing the spread of COVID-19 and keeping the economy afloat, Hong Kong's government launched a stimulus package in April 2020 to support businesses and individuals. It provided a wage subsidy valued at 50% of monthly salaries, capped at HK\$18,000 per employee for six salaried months from Jun 2020 to November 2020. Non-profit organizations were included in this stimulus package.

Hong Kong's business community and foundations responded by providing emergency relief donations and grants to support immediate needs in the community.

Performance and financial position of the company

During the year under review, the surplus of the company was \$2,985,010 (2019: deficit of \$800,272). The net assets of the company were \$5,785,797 as of 31 December 2020 (2019: \$2,800,787). The surplus for the year was due a significant inflow of funds, both grants for allocation to specific programs and unrestricted donations to fund our overhead.

The Company undertook extensive COVID-19 relief work from the start of the pandemic in Hong Kong, including directing basic necessity items to charitable organizations and running care package deliveries to low-income families and households in need. The work was highly visible in the business community and resulted in significant corporate donations.

The company's key performance indicators during the year were income, volunteer hours recorded, number of NGOs supported, and number of beneficiaries served.

1. Total income increased by 67% compared to the previous 12-month period;
2. Total number of active volunteers decreased by 20% and volunteer service hours decreased by 33%*;
3. Total number of NGOs supported increased by 2%; and
4. Total number of beneficiaries served decreased by 21%.

*Due to the immediate needs caused by the pandemic, volunteers were encouraged to deliver necessities and support local community centres in their respective districts. These activities were not captured in the count of active volunteers, service hours or beneficiaries. Many in-person programs that typically run for two-to-three hours were shifted to one-hour virtual programs, further reducing the hours.

Business review (continued)

Review of the company's business (continued)

Environmental policies and performance and compliance with the relevant laws and regulations

There were no environmental policies, environmental issues and non-compliance of law and regulations that have had a significant impact on the company.

Key relationships with its employees, clients, donors and supporters

The company has built and maintains strong relationships with its employees, clients, donors and supporters, further enhanced by successful collaboration throughout the COVID-19 crisis.

Principal risks and uncertainties facing the company

The principal risks and uncertainties that the company faces can be broadly grouped as – business risk and competition risk.

Business risk

The performance and operations of the company largely depend on the donations and sponsorships received during the year. The slowdown of the economy, political upheaval, or a global pandemic can lead to uncertainties and risks that the company may face. These risks include a limit to the ability of corporations to engage with and individuals to donate to charities, which in turn could lead to a decrease in income and operational resources.

Competition risk

With the increased number of charities in Hong Kong, the public and other potential donor pools may receive competing appeals for donations. Our Company's work supports a range of causes and often requires extra effort to get our messages across to the public effectively to raise awareness and solicit support. In 2020, our COVID-19 relief work was highly visible and enabled our Company to be a logical place for individuals and companies to donate and support the needs of wider Hong Kong.

Particulars of important events affecting the company that have occurred since the end of the financial year

Although COVID-19 cases have been mostly contained in Hong Kong and vaccinations are slowly rolling out, social distancing measures are still in place which prohibits large-scale events or programs from taking place. Our Company has adapted to run virtual or small-scale programs, which require a similar level of manpower resources for preparation and coordination as large programs do and are hence less efficient.

The financial environment is more challenging in 2021 than in 2020. Despite the increasing needs of the community and expansion of our work, emergency relief funds, corporate donations and individual giving have all but ceased. There seems to be a high level of donor fatigue given the significant activity of the past year.

Business review (continued)

Indication of likely future development in the company's business

Our Company will continue to provide vital support to more than 100 local charities, enabling them to outsource much of their volunteer management and saving them time and money. We will continue to run our essential care package delivery and phone call support programs and will launch a new multi-generational program connecting lonely elderly with Hong Kong families.

We envision that virtual volunteer and do-it-yourself (DIY) projects that were initiated during the pandemic for safety reasons will continue to remain on the calendar as they provide accessible and flexible opportunities for volunteers.

We will continue to develop new and innovative ways for companies to volunteer, either safely in person or virtually, and are aiming raise funds from our community through strategic initiatives around International Volunteer Day and Serve-a-thon.

Directors

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

BERNIER Shaun Erin

CHU Ann

(appointed on 17 September 2020)

DE LAIGLESIA Alexander

(resigned on 18 September 2020)

According to the company's articles of association, the directors shall be elected in the annual general meeting by the members of the company. Each of the directors shall be appointed for a term of two years. The non-permanent directors shall retire after the expiry of their term of appointment. A retiring non-permanent director shall be eligible for re-election, subject to a maximum of two consecutive terms of two-year appointment.

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

Directors' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the company was a party, and in which directors of the company had a material interest, subsisted at the end of the year or at any time during the year.

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.

Auditor

Jack H.W. Ng CPA Limited retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Jack H.W. Ng CPA Limited as the auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink that reads "Shaun Bernier". The signature is written in a cursive, flowing style.

BERNIER Shaun Erin
Chairman
Hong Kong, 23 June 2021

Independent auditor's report to the members of
HandsOn Hong Kong Limited

(Incorporated in Hong Kong limited by guarantee)

Opinion

We have audited the financial statements of HandsOn Hong Kong Limited ("the company") set out on pages 9 to 15, which comprise the statement of financial position as at 31 December 2020, and the income statement 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 ("HKSAAs") 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 audit 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.

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 to the members of
HandsOn Hong Kong Limited (continued)
(Incorporated in Hong Kong limited by guarantee)

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.

Jack H.W. Ng CPA Limited

Independent auditor's report to the members of HandsOn Hong Kong Limited (continued)

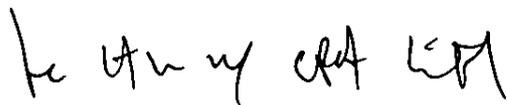
(Incorporated in Hong Kong limited by guarantee)

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:

- 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.



Jack H.W. Ng CPA Limited

2nd Floor, Tai Yip Building
141 – 149 Thomson Road
Wan Chai
Hong Kong, 23 June 2021

Income statement
for the year ended 31 December 2020
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2020</i> \$	<i>2019</i> \$
Revenue			
Donations		5,431,413	528,354
Grants		1,939,848	1,089,131
Funds raised		1,046,202	1,581,425
Corporate sponsorship		1,324,123	2,619,851
Other income	3	<u>486,099</u>	<u>9,113</u>
Total revenue		<u>10,227,685</u>	<u>5,827,874</u>
Expenditure			
Administration expenditure	4(a),(b)	754,531	791,577
Programme expenditure	4(a),(b)	5,595,647	4,633,137
Fund raising expenditure	4(a),(b)	<u>892,497</u>	<u>1,203,432</u>
Total expenditure		<u>7,242,675</u>	<u>6,628,146</u>
Surplus/(deficit) for the year		<u><u>2,985,010</u></u>	<u><u>(800,272)</u></u>

The notes on pages 11 to 15 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Reporting entity

HandsOn Hong Kong Limited (the “company”) was incorporated on 8 June 2012 as a company limited by guarantee.

The company is a charitable organisation set up with the objectives to (i) assisting and supporting the work of charitable organizations in Hong Kong involved in the relief of poverty and distress, including but not limited to, the organization and provision of a pool of volunteers to participate in voluntary programs organized in conjunction with these charitable organizations, (ii) assisting and supporting the work of charities who look after the underprivileged sectors including the poor, elderly, young children, people with disabilities by raising donations, planning fund-raising events and designing and implementing community service and outreach projects for these sectors, (iii) assisting and working with organizations involved in improving the physical living environment and general living standards of the underprivileged, and (iv) organizing community outreach programs which bring help and good aid to needy members of the community, such as the provision of home-delivered meal services to the elderly and the homeless.

2 Significant accounting policies

(a) Statement of compliance

The company qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern.

The measurement basis adopted is the historical cost convention.

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

(b) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the society and when the revenue can be measured reliably, on the following bases:

- (i) Income from donations and grants are recognised when cash is received up to the end of the reporting period;
- (ii) Income from funds raised, corporate sponsorship and sundry income are recognised on a time-apportioned basis; and
- (iii) Interest income is recognised as it accrues using the effective interest method.

2 Significant accounting policies (continued)

(c) Foreign exchange

The reporting currency of the company is Hong Kong Dollars, which is the currency of the primary economic environment in which the company operates.

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.

(d) Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

(e) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the company are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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

(f) Accounts receivable

Accounts receivable 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.

(g) Accounts payable

Accounts payable are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand 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.

2 Significant accounting policies (continued)

(i) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(j) Related parties

- (a) A person, or a close member of that person's family, is related to the company if 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 the company's parent.
- (b) An entity is related to the company if any of the following conditions applies:
- (i) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
 - (ii) The entity is controlled or jointly controlled by a person identified in (a).
 - (iii) A person identified in (a)(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.

3 Other income

	2020	2019
	\$	\$
Sundry income	486,000	5,400
Interest income	<u>99</u>	<u>3,713</u>
	<u>486,099</u>	<u>9,113</u>

Sundries income included wage subsidies for \$48,300 under Employment Support Scheme launched by the HKSAR Government.

4 Expenditure

(a) Staff costs:

The company has allocated staff costs incurred to respective expenditures. Total staff costs of the company for the year are summarised as follows:

	2020	2019
	\$	\$
Administration	495,240	532,334
Programme	2,675,285	2,702,377
Fund raising	<u>583,261</u>	<u>508,120</u>
	<u>3,753,786</u>	<u>3,742,831</u>

Analysis of the total staff costs is as follows:

Contributions to defined contribution retirement plan	142,480	143,722
Salaries, wages and other benefits	<u>3,611,306</u>	<u>3,599,109</u>
	<u>3,753,786</u>	<u>3,742,831</u>

(b) Other items:

Operating lease charges: minimum lease payments	<u>415,876</u>	<u>340,806</u>
Exchange loss	<u>4,038</u>	<u>52</u>
Auditor's remuneration - audit services	<u>10,000</u>	<u>5,000</u>

5 Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2020	2019
	\$	\$
Fees	-	-
Other emoluments	-	-
Employer's contribution to MPF scheme	-	-
	-	-

Member of key management personnel is a director of the company.

6 Income tax expense

No provision for Hong Kong profits tax has been made by the company as it is exempted from tax under Section 88 of Inland Revenue Ordinance.

7 Capital management

The company's objective is to establish and maintain as a non-profit-making entity. The company is not subject to externally imposed capital requirements.

The accumulated surplus of the company is managed according to the financial management guidelines and procedures of the company in meeting the objective of the company with the view of safeguarding the company's ability to continue as a going concern.

8 Commitments under operating leases

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

	2020	2019
	\$	\$
Not later than one year	82,693	442,590
Later than one year	-	92,206
	82,693	534,796

9 Liability of members

Under the provisions of the company's memorandum of association, every member shall, in the event of the company being wound up, contribute such amount as may be required to meet the liabilities of the company but not exceeding \$100 per member.

Statement of income and expenditure
for the year ended 31 December 2020
(For management purpose only)

For the year ended
31 December 2020
HK\$

Income

Donations	5,431,413
Grants	1,939,848
Funds raised	1,046,202
Corporate sponsorship	1,324,123
Other income	486,000
Interest income	99

Total income 10,227,685

Expenditure

Administration expenditure	
Audit fee	10,000
Bank charges	4,312
Dues and subscriptions	13,218
Entertainment	4,574
Exchange loss	4,038
Insurance	7,242
Legal and professional fee	985
MPF contribution	17,000
Office expenses	59,448
Other general office expenses	71,669
Rent	29,111
Salaries and wages	478,240
Shipping and delivery	93
Staff training	51,448
Stationery and printing	105
Travelling	436
Utilities	2,612

Total administration expenditure 754,531

Statement of income and expenditure
for the year ended 31 December 2020 (continued)
(For management purpose only)

	<i>For the year ended</i> <i>31 December 2020</i> HK\$
Programme expenditure	
Insurance	86,905
MPF contribution	109,298
Other programme costs	2,445,170
Rent	349,336
Salaries and wages	2,565,987
Shipping and delivery	1,116
Stationery and printing	1,257
Travelling	5,230
Utilities	<u>31,348</u>
Total programme expenditure	5,595,647 -----
Fund raising expenditure	
Insurance	9,311
Marketing	115,027
MPF contribution	16,182
Other fund raising costs	143,296
Rent	37,429
Salaries and wages	567,079
Shipping and delivery	119
Stationery and printing	135
Travelling	560
Utilities	<u>3,359</u>
Total fund raising expenditure	892,497 -----
Total expenditure	7,242,675 ----- -----
Surplus for the year	2,985,010 =====