



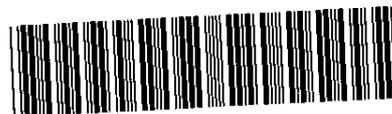
**ARTS BUILDING CHARACTER FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

靈美創意培育基金有限公司

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

堅信會計師事務所
KINSON CPA & Co.
Certified Public Accountants
(Practising) Hong Kong

www.kinsoncpa.com



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ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
REPORT OF THE COUNCIL
FOR THE YEAR ENDED 31 AUGUST 2020

The council has pleasure in submitting the annual report together with the audited financial statements for the year ended 31 August 2020.

Principal activity

The Foundation was incorporated in Hong Kong with liability limited by guarantee under the Hong Kong Companies Ordinance.

The principal activities of the Foundation during the year continued to be engaging in the promotion of young people's holistic education through art activities.

State of affairs

The surplus of the Foundation for the year ended 31 August 2020 and the state of its affairs at that date are set out in the financial statements on pages 6 to 13.

Property, plant and equipment

Movements in property, plant and equipment during the year are set out in note 6 to the financial statements

Council members

The following council members held office during the year and up to the date of this report were:

Yeung Wing Cheung
Lam Jakin Yin

In accordance with clauses 40 and 41 of the Company's Articles of Association, all existing council members shall retire from office and be eligible for re-election.

Council members' interests in contracts

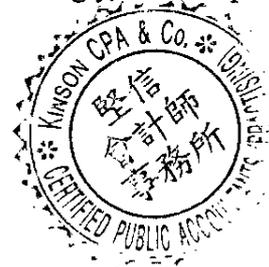
No contract of significance to which the Foundation was a party and in which a Council member of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management contracts

No contracts concerning the management and administration of the Foundation were entered into and existed during the year.

Business review

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



ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
REPORT OF THE COUNCIL
FOR THE YEAR ENDED 31 AUGUST 2020

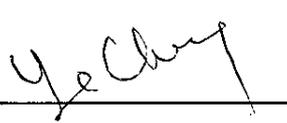
No permitted indemnity provisions

No permitted indemnity provisions for the benefit of directors of the Company was in force during the year or is in force at the date the directors approve the director's report.

Auditor

The financial statements have been audited by Kinson CPA & Co., Certified Public Accountants (Practising), who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Chairman

Hong Kong, 16 AUG 2021



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堅信會計師事務所

KINSON CPA & CO.

Certified Public Accountants (Practising)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
(Incorporated in Hong Kong with limited liability by guarantee)**

Report on the Audit of The financial statements

Opinion

We have audited the financial statements of Arts Building Character Foundation Limited ("the Foundation") set out on pages 6 to 13, which comprise the statement of financial position as at 31 August 2020, and the statement of comprehensive income and statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the state of the Foundation's affairs as at 31 August 2020 and of its surplus and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we have considered the adequacy of the disclosures made in the statement of financial position together with the notes thereon concerning the possibility of the company being able to maintain future profitable operations and to obtain continuing financial support from the company's shareholder. The statement of financial position together with notes thereon have been prepared on a going concern basis, the validity of which depends upon the company being able to maintain future profitable operations and to obtain these funding. The statement of financial position together with notes does not include any adjustments that would result from a failure for the company to maintain future profitable operations and to obtain these funding. Details of the circumstances relating to this fundamental uncertainty are described in note 9. We consider that the fundamental uncertainty has been adequately accounted for and disclosed in the statement of financial position together with the notes thereon and our opinion is not qualified in this respect.

Basis for Opinion

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



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堅信會計師事務所

KINSON CPA & CO.

Certified Public Accountants (Practising)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTS BUILDING CHARACTER FOUNDATION LIMITED

靈美創意培育基金有限公司

(Incorporated in Hong Kong with limited liability by guarantee)

Responsibilities of Council members and Those Charged with Governance for the Financial Statements

The council members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the council members 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 council members 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 director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

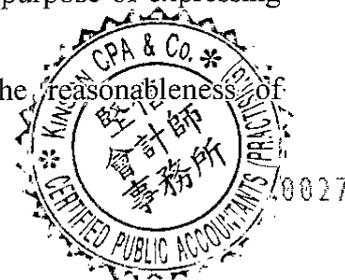
The council members are responsible for overseeing the Company's financial reporting process.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



堅信會計師事務所

KINSON CPA & CO.

Certified Public Accountants (Practising)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARTS BUILDING CHARACTER FOUNDATION LIMITED**

靈美創意培育基金有限公司

(Incorporated in Hong Kong with limited liability by guarantee)

- 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.
- 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 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.

The engagement partner responsible for the audit and issuance of audit report is CHOW, Chun Keung.

Kinson CPA & Co.
Certified Public Accountants (Practising)

Hong Kong, 16 AUG 2021



ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 HK\$	2019 HK\$
Income			
Other community project income	2(a)	443,500	295,000
Sundry income		<u>0</u>	<u>121</u>
Total income		443,500	295,121
Less: Expenditure			
Accounting fee		2,500	3,000
Audit fee		10,000	10,000
Bank charges		2,100	1,132
Commissions and fees on project		305,800	129,258
Company secretarial fee		3,500	2,570
Depreciation		0	9,535
Insurance		0	2,385
Materials		0	2,520
Meals and entertainment		0	157
MPF contributions		3,000	7,085
Other project expenses		2,800	48,061
Printing & office supplies		0	358
Rent and rate		100,600	98,400
Salaries and allowances		0	95,750
Sundry expenses		1,739	8,467
Telecommunication		1,660	3,752
Transportation expense		0	3,778
Utilities		<u>652</u>	<u>3,361</u>
		434,351	429,569
Surplus / (Deficit) for the year	4	9,149	(134,448)
Accumulated deficits b/f		<u>(842,915)</u>	<u>(708,467)</u>
Accumulated deficits c/f		<u>(833,766)</u>	<u>(842,915)</u>

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

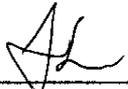


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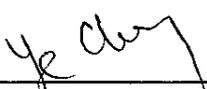
ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	Note	2020 HK\$	2019 HK\$
Non-current assets			
Property, plant and equipment	2(e) & 6	<u>0</u>	<u>0</u>
Current assets			
Accounts receivable		26,500	0
Prepayments and deposit		22,300	21,900
Cash and bank balances	2(d)	<u>6,436</u>	<u>2,687</u>
		<u>55,236</u>	<u>24,587</u>
Current liabilities			
Other payable and accruals	2(b)	13,000	10,500
Accounts payable	2(b)	365,762	365,762
Loans, unsecured	7	<u>510,240</u>	<u>491,240</u>
		<u>889,002</u>	<u>867,502</u>
Net current liabilities		<u>(833,766)</u>	<u>(842,915)</u>
Net liabilities		<u>(833,766)</u>	<u>(842,915)</u>
Representing:			
Accumulated deficits		<u>(833,766)</u>	<u>(842,915)</u>

Approved by the board of council members.

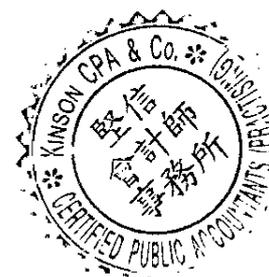


 Council member



 Council member

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



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ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	2020 HK\$	2019 HK\$
Operating activities		
Surplus for the year	9,149	(134,448)
Adjustment for:		
Depreciation	0	9,535
Operating (deficit) before working capital changes	9,149	(124,913)
(Increase) in prepayments and deposit	(400)	0
(Increase) / Decrease in accounts receivable	(26,500)	59,000
(Decrease) in accounts payable	0	(31,483)
Increase / (Decrease) in other payable and accruals	2,500	(1,350)
Net cash used in operating activities	<u>(15,251)</u>	<u>(98,746)</u>
Financing activities		
Increase in loans, unsecured	19,000	41,240
Net cash generated from financing activities	<u>19,000</u>	<u>41,240</u>
Increase / (Decrease) in cash and cash equivalents	3,749	(57,506)
Cash and cash equivalents at beginning of year	<u>2,687</u>	<u>60,193</u>
Cash and cash equivalents at end of year	<u><u>6,436</u></u>	<u><u>2,687</u></u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	6,436	2,687
Bank overdraft, unsecured	0	0
Bank balances	<u>6,436</u>	<u>2,687</u>

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



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ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

General information

Arts Building Character Foundation Limited (“the Foundation”) is a Company incorporated in Hong Kong with liability limited by guarantee under the Hong Kong Companies Ordinance. The Foundation's registered office is located at Unit 107B, 1/F., TCL Tower, 8 Tai Chung Road, Tsuen Wan, Hong Kong. The principal activities of the Foundation during the year continued to be engaging in the promotion of young people's holistic education through art activities.

1. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

2. Significant accounting policies

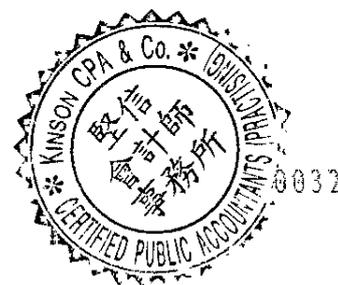
(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Foundation. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the Foundation and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognised as follows:

- i) Course fees is recognised as revenue when the agreed courses have been rendered;
- ii) Other community project income are recognised when they can demonstrate entitlement to the income; and
- iii) Government grant are recognised when they can demonstrate entitlement to the income; and

(b) Accounts and other payable

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



ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Significant accounting policies

(c) Pension schemes

The Foundation has joined the Mandatory Provident Fund Scheme ("the Scheme") for its employees. The Scheme is a defined contribution scheme managed by an independent trustee. Under the Scheme, each of the Foundation and its employees make monthly contribution to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Scheme Ordinance in Hong Kong. Both the employer's and the employee's contribution are subject to a cap of monthly earnings of \$30,000. Thereafter contributions are voluntary. The contributions are charged to the income and expenditure accounts as they become payable in accordance with the rules of the Scheme.

(d) Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, bank overdrafts which are repayable on demand form an integral part of the Foundation's cash management are included as a component of cash and cash equivalents.

(e) Property, plant and equipment

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

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

Computer equipment	33.33%
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(f) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Foundation if that person:
- (i) is a member of the key management personnel of the Foundation or of a parent of the Foundation;
 - (ii) has control over the Foundation; or
 - (iii) has joint control or significant influence over the Foundation or has significant voting power in it.



ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Significant accounting policies

(f) Related parties

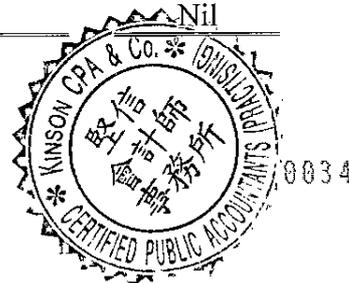
(b) An entity is related to the Foundation if any of the following conditions applies:

- (i) the entity and the Foundation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of a third entity.
- (iv) either 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 Foundation or an entity related to the Foundation. If the Foundation is itself such a plan, the sponsoring employers are also related to the plan.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant voting power in the entity.
- (viii) a person identified in (a)(ii) has significant influence over the entity or significant voting power in it.
- (ix) a person or a close member of that person's family has both significant influence over the entity or significant voting power in it and joint control over the Foundation.
- (x) a member of the key management personnel of the entity or of a parent of the entity, or a close member of that member's family, has control or joint control over the Foundation or has significant voting power in it.

3. Council members' emoluments

Council members' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

	2020	2019
	HK\$	HK\$
Fees	Nil	Nil
Other emoluments	Nil	Nil
	Nil	Nil



ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Deficits for the year

Deficits is arrived at after charging:

	2020 HK\$	2019 HK\$
Charging:		
Operating lease	100,600	98,400
MPF contributions	3,000	7,085
Salaries and allowances	<u>0</u>	<u>95,750</u>

5. Taxation

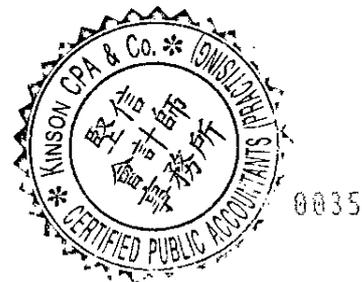
No Hong Kong Profits tax is provided as the Foundation is qualified as an exempted charitable organization under Section 88 of the Inland Revenue Ordinance.

6. Property, plant and equipment

	Computer equipment HK\$	Total HK\$
Costs		
At 1.9.2019	28,606	28,606
Disposal	<u>0</u>	<u>0</u>
At 31.8 2020	<u>28,606</u>	<u>28,606</u>
Accumulated depreciation		
At 1.9.2019	28,606	28,606
Charges	<u>0</u>	<u>0</u>
At 31.8 2020	<u>28,606</u>	<u>28,606</u>
Carrying amounts:		
At 31.8 2020	<u>0</u>	<u>0</u>
At 1.9 2019	<u>0</u>	<u>0</u>

7. Loans, unsecured

The loans, unsecured are unsecured, interest free and repayable on demand.



ARTS BUILDING CHARACTER FOUNDATION LIMITED
靈美創意培育基金有限公司
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Operating lease commitment

At 31 August 2020, the Company had future aggregate minimum lease payments under non - cancellable operating leases in respect of land and building as follows:

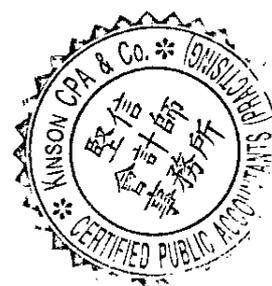
	2020 HK\$	2019 HK\$
Not later than one year	8,400	8,200
Later than one year and not later than five years	<u>0</u>	<u>0</u>
	<u>8,400</u>	<u>8,200</u>

9. Going concern

The financial statements have been prepared on a going concern basis because the council members agreed to provide financial support to the Foundation to meet its liabilities as they fall due and to support its continuous operations in the foreseeable future.

10. Approval of financial statements

These financial statements were authorised for issue by the Foundation's Board of Council members on 16 AUG 2021



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