

**ADVANCE CHILDREN MEDICAL AND
EDUCATION FOUNDATION LIMITED**
樂信兒童醫療及教育基金有限公司
(LIMITED BY GUARANTEE)

REPORT OF THE EXECUTIVE COMMITTEE
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



EDDY WONG & CO.
Certified Public Accountants
黃志文會計師事務所



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ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED
樂信兒童醫療及教育基金有限公司

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED
樂信兒童醫療及教育基金有限公司

REPORT OF THE EXECUTIVE COMMITTEE

The executive committee members present their annual report together with the audited financial statements of the Foundation for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activities of the Foundation is supporting, sponsoring and promoting charitable activities and projects for the benefit of children, the youth and full-time students.

RESULTS

Surplus brought forward	\$	677,147
Surplus for the year		542,543
Surplus carried forward	\$	<u>1,219,690</u>

The states of the Foundation's affairs as on 31 December 2020 are set out in the accompanying financial statements.

EXECUTIVE COMMITTEE MEMBERS

The executive committee members during the year and up to the date of this report were:

Cheng Chi Heng
Ting Siu Yin Patrick
Lam Yun Sum Esmond

In accordance with Article 41 of the Foundation's Articles of Association, all executive committee members retire and, being eligible, offer themselves for re-election.

EXECUTIVE COMMITTEE MEMBERS' INTERESTS

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

ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED
樂信兒童醫療及教育基金有限公司

REPORT OF THE EXECUTIVE COMMITTEE - Continued

MANAGEMENT CONTRACTS

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

AUDITORS

The financial statements have been audited by Eddy Wong & Co. who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting.

On behalf of the Executive Committee



Cheng Chi Heng
Committee Member

Hong Kong,
21 September 2021



INDEPENDENT AUDITOR'S REPORT

**TO THE EXECUTIVE COMMITTEE OF
ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED**
樂信兒童醫療及教育基金有限公司
(incorporated in Hong Kong with limited by guarantee)

Opinion

We have audited the financial statements of ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED 樂信兒童醫療及教育基金有限公司 ("the Company") set out on pages 6 to 12, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, 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 Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") 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.

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 - Continued

Responsibilities of Directors and Those Charged with Governance 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 HKFRS for Private Entities 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, and to report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinances and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

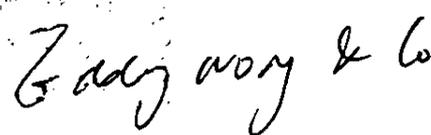
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

INDEPENDENT AUDITOR'S REPORT - Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- 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.
- 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 image shows a circular stamp of Eddy Wong & Co. with a handwritten signature in cursive script over it.

EDDY WONG & CO.
Certified Public Accountants

Hong Kong,
21 September 2021

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ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED**樂信兒童醫療及教育基金有限公司****STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020****(Stated in Hong Kong Dollars)**

	2020	2019
INCOME		
Donation received	\$ 2,702,353	\$ 931,596
Tuition fee income	421,937	44,510
Sales	-	5,610
	<u>\$ 3,124,290</u>	<u>\$ 981,716</u>
COST OF SALES		
Charitable project cost	<u>\$ (296,060)</u>	<u>\$ -</u>
GROSS PROFIT	\$ 2,828,230	\$ 981,716
OTHER INCOME		
Bank interest income	\$ -	\$ 15
Sundry income	-	33,400
	<u>\$ 2,828,230</u>	<u>\$ 1,015,131</u>
EXPENDITURE		
Donation	\$ (1,943,900)	\$ (120,000)
Administration expenditure	(341,787)	(1,126,586)
	<u>\$ (2,285,687)</u>	<u>\$ (1,246,586)</u>
SURPLUS / (DEFICIT) FOR THE YEAR	<u>\$ 542,543</u>	<u>\$ (231,455)</u>

The notes on pages 10 to 12 form part of these financial statements.

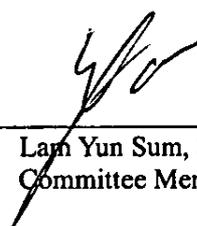
ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED**樂信兒童醫療及教育基金有限公司****STATEMENT OF FINANCIAL POSITION****AT 31 DECEMBER 2020****(Stated in Hong Kong Dollars)**

	Note	2020	2019
FIXED ASSETS			
Property, plant and equipment		\$ 64,870	\$ 89,360
		<u>\$ 64,870</u>	<u>\$ 89,360</u>
CURRENT ASSETS			
Deposit		\$ 104,086	\$ 103,546
Cash at bank		1,050,734	518,352
		<u>\$ 1,154,820</u>	<u>\$ 621,898</u>
CURRENT LIABILITIES			
Accruals		\$ -	\$ 34,111
		<u>\$ -</u>	<u>\$ 34,111</u>
NET CURRENT ASSETS		<u>\$ 1,154,820</u>	<u>\$ 587,787</u>
NET ASSETS		<u>\$ 1,219,690</u>	<u>\$ 677,147</u>
REPRESENTED BY:			
General funds	5	<u>\$ 1,219,690</u>	<u>\$ 677,147</u>

The financial statements on pages 6 to 12 were approved and authorized for issue by the Executive Committee on 21 September 2021 and are signed by:



Cheng Chi Heng
Committee Member



Lam Yun Sum, Esmond
Committee Member

ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED**樂信兒童醫療及教育基金有限公司****STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER, 2019
(Stated in Hong Kong Dollars)**

	General Funds	Total
<u>For the year ended 31.12.2020</u>		
Balance at 31 December, 2019	\$ 677,147	\$ 677,147
Surplus for the year	542,543	542,543
Balance at 31 December, 2020	<u>\$ 1,219,690</u>	<u>\$ 1,219,690</u>
<u>For the year ended 31.12.2019</u>		
Balance at 31 December, 2018	\$ 908,602	\$ 908,602
Deficit for the year	(231,455)	(231,455)
Balance at 31 December, 2019	<u>\$ 677,147</u>	<u>\$ 677,147</u>

The notes on pages 10 to 12 form part of these financial statements.

ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED
樂信兒童醫療及教育基金有限公司

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Stated in Hong Kong Dollars)

	2020	2019
Operating activities		
Surplus / (Deficit) for the year	\$ 542,543	\$ (231,455)
Adjustments for:		
Depreciation	<u>24,490</u>	<u>24,490</u>
Operating Surplus / (Deficit) before working capital changes	<u>\$ 567,033</u>	<u>\$ (206,965)</u>
Increase in deposit	(540)	(17,250)
(Decrease) / Increase in accruals	<u>(34,111)</u>	<u>2,611</u>
Net cash generated from / (used in) operation activities	<u>\$ 532,382</u>	<u>\$ (221,604)</u>
Investing activities		
Purchaes of Property, plant and equipment	<u>\$ -</u>	<u>\$ (79,450)</u>
Net cash used in investing activities	<u>\$ -</u>	<u>\$ (79,450)</u>
Net increase / (decrease) in cash and cash equivalent	\$ 532,382	\$ (301,054)
Cash and cash equivalents at beginning of the year	<u>518,352</u>	<u>819,406</u>
Cash and cash equivalents at end of the year	<u>\$ 1,050,734</u>	<u>\$ 518,352</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>\$ 1,050,734</u>	<u>\$ 518,352</u>

The notes on pages 10 to 12 from part of these financial statement.

ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED
樂信兒童醫療及教育基金有限公司

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Stated in Hong Kong Dollars)

1. GENERAL

ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED 樂信兒童醫療及教育基金有限公司 (“the Company”) is incorporated in Hong Kong as a limited by guarantee and not having a share capital domiciled. The address of its registered office and principal place of business are at 3/F, 12 Dai Fu Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong.

The Company is engaged in supporting, sponsoring and promoting charitable activities and projects for the benefit of children, the youth and full-time students during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 (HKICPA) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements. They have been prepared under the historical cost convention.

Revenue recognition

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

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the Company and the revenue an costs, if applicable, can be measured reliably.

The Company derived no revenue during the year.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the Company will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

Leasehold improvement	20%
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ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED
樂信兒童醫療及教育基金有限公司

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 - Continued
(Stated in Hong Kong Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property, plant and equipment - continued

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3. REMUNERATION OF THE EXECUTIVE COMMITTEE MEMBERS

No executive committee members received, or will receive, any fees or emoluments in respect of services to the Foundation during the year.

4. TAXATION

The Foundation is exempted from Hong Kong tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED
樂信兒童醫療及教育基金有限公司

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 - Continued
(Stated in Hong Kong Dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvement</u>	<u>Total</u>
At cost		
At 1.1.2020	\$ 122,450	\$ 122,450
At 31.12.2020	<u>\$ 122,450</u>	<u>\$ 122,450</u>
Accumulated depreciation and impairment		
At 1.1.2020	\$ 33,090	\$ 33,090
Annual depreciation	24,490	24,490
At 31.12.2020	<u>\$ 57,580</u>	<u>\$ 57,580</u>
Carrying amount		
At 31.12.2020	<u>\$ 64,870</u>	<u>\$ 64,870</u>
At 31.12.2019	<u>\$ 89,360</u>	<u>\$ 89,360</u>

6. GENERAL FUNDS

	2020	2019
At 1 January	\$ 677,147	\$ 908,602
Surplus / (Deficit) for the year	<u>542,543</u>	<u>(231,455)</u>
At 31 December	<u>\$ 1,219,690</u>	<u>\$ 677,147</u>

ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED

樂信兒童醫療及教育基金有限公司

DETAILS INCOME STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Stated in Hong Kong Dollars)

	2020	2019
INCOME		
Donation received	\$ 2,702,353	\$ 931,596
Tuition fee income	421,937	44,510
Sales	-	5,610
	<u>\$ 3,124,290</u>	<u>\$ 981,716</u>
LESS: COST OF SALES		
Charitable project cost	<u>\$ (296,060)</u>	<u>\$ -</u>
GROSS PROFIT	\$ 2,828,230	\$ 981,716
OTHER INCOME		
Bank interest income	\$ -	\$ 15
Sundry income	-	33,400
	<u>\$ 2,828,230</u>	<u>\$ 1,015,131</u>
LESS: DONATION		
	<u>\$ (1,943,900)</u>	<u>\$ (120,000)</u>
ADMINISTRATION EXPENDITURE	<u>(341,787)</u>	<u>(1,126,586)</u>
SURPLUS / (DEFICIT) FOR THE YEAR	<u><u>\$ 542,543</u></u>	<u><u>\$ (231,455)</u></u>

ADVANCE CHILDREN MEDICAL AND EDUCATION FOUNDATION LIMITED

樂信兒童醫療及教育基金有限公司

**DETAILS ADMINISTRATION EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2020
(Stated in Hong Kong Dollars)**

	2020	2019
ADMINISTRATION EXPENDITURE		
Bank charges	\$ 1,004	\$ 1,374
Cleaning	1,050	10,113
Computer Consumable	780	5,870
Courier and postage	-	1,024
Depreciation	24,490	24,490
Electricity and water fee	1,444	10,078
Entertainment	-	5,180
Insurance	-	11,320
Local travelling expenses	-	916
Management fee	36,385	38,147
MPF	2,650	16,423
Program expenses	-	50,985
Promotion	-	33,600
Rent and rates	211,405	223,556
Salary	50,642	382,803
Secretarial services fee	-	105
Service fee	2,668	278,407
Stationery and printing	1,725	8,712
Sundry	-	2,923
Staff messing	-	2,026
Stamp duty	533	-
Telephone and internet fee	6,489	7,776
Transportation	114	7,038
Website fee	408	3,720
	<u>\$ 341,787</u>	<u>\$ 1,126,586</u>