

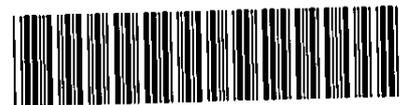
Directors' report

Audited Financial Statements

ARTIST CRADLE CO. LIMITED

For the year ended 31 March 2020

Chie, Leung & Partners Limited
Certified Public Accountants



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ARTIST CRADLE CO. LIMITED

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ARTIST CRADLE CO. LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2020.

Principal activity

The Company's principal activity during the year is provision of arts classes in order to promote the religious activities.

State of affairs and dividends

The state of affairs of the Company at 31 March 2020 is set out in the statement of financial position together with the notes thereon on pages 6 to 15.

Fixed assets

Details of the movements during the year in the property, plant and equipment of the Company are set out in notes 7 to the financial statements.

Directors

The directors of the Company during the year were:

Kwok Chi Lap, Frank
Lee, Nancy, Shuk Ying

In accordance with Article of the Company's Articles of Association, all Directors retire from office and, being eligible, offer themselves for re-election.

Arrangements to purchase shares or debentures

At no time during the year was the Company, its holding association, or its subsidiary a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in contracts of significance

No contract of significance to which the Company, its holding association, or its subsidiary was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Charitable donations

During the year, the Company did not make any charitable donations (2019:Nil).

Business review

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

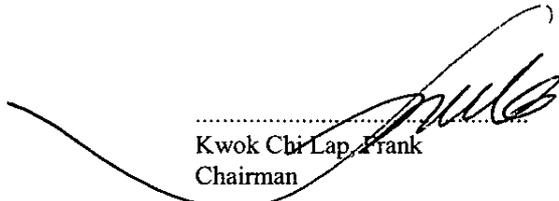
ARTIST CRADLE CO. LIMITED

DIRECTORS' REPORT

Auditors

Chie, Leung & Partners Limited retire and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of Chie, Leung & Partners Limited as auditors of the Association will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



.....
Kwok Chi Lap, Frank
Chairman

Hong Kong, 27 January 2021

CHIE, LEUNG & PARTNERS LIMITED

Certified Public Accountants

Room B, 12/F., Man Lok Building, 93 Bonham Strand, Sheung Wan, Hong Kong

INDEPENDENT AUDITOR'S REPORT

To the members of Artist Cradle Co. Limited
(Incorporated in Hong Kong and limited by guarantee)

Report on the Financial Statements

Opinion

We have audited the financial statements of Artist Cradle Co. Limited ("the Company") set out on pages 6 to 15, which comprise the statement of financial position as at 31 March 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 give a true and fair view of the state of affairs of the Company as at 31 March 2020 and of the Company's deficit 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 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.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to note 2 in the financial statements which indicates that the Company incurred a net deficit of \$259,694 during the year ended 31 March 2020 and, as of that date, the Company's current liabilities exceeded its current assets by \$1,667,710. These conditions, along with other matters as set forth in note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises 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.

CHIE, LEUNG & PARTNERS LIMITED

Certified Public Accountants

Room B, 12/F., Man Lok Building, 93 Bonham Strand, Sheung Wan, Hong Kong

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of Artist Cradle Co. Limited

(Incorporated in Hong Kong and 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 that give a true and fair view in accordance with the 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. 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.
- 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.

CHIE, LEUNG & PARTNERS LIMITED

Certified Public Accountants

Room B, 12/F., Man Lok Building, 93 Bonham Strand, Sheung Wan, Hong Kong

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of Artist Cradle Co. Limited
(Incorporated in Hong Kong and limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.



Chie, Leung & Partners Limited
Certified Public Accountants

Chie Kwong Wing
Practising Certificate number P05248

Hong Kong, 27 January 2021

ARTIST CRADLE CO. LIMITED

STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

For the year ended 31 March 2020

	Notes	2020 HK\$	2019 HK\$
Turnover	3	-	225,000
Less: cost of event		<u>(66,725)</u>	<u>(218,079)</u>
Gross (loss)/profit		(66,725)	6,921
Administrative expenses		<u>(192,969)</u>	<u>(209,655)</u>
DEFICIT BEFORE TAX	5	(259,694)	(202,734)
Tax	6	<u>-</u>	<u>-</u>
DEFICIT FOR THE YEAR		(259,694)	(202,734)
Accumulated deficit at start of the year		<u>(1,408,016)</u>	<u>(1,205,282)</u>
Accumulated deficit at end of the year		<u><u>(1,667,710)</u></u>	<u><u>(1,408,016)</u></u>

The notes on pages 9 to 15 form part of these financial statements.

ARTIST CRADLE CO. LIMITED

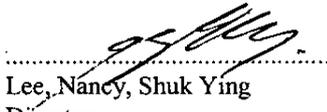
STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK\$	2019 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>-</u>	<u>-</u>
CURRENT ASSETS			
Trade and other receivables	8	21,000	24,600
Cash and bank balances	9	<u>19,391</u>	<u>62,206</u>
		<u>40,391</u>	<u>86,806</u>
CURRENT LIABILITIES			
Amounts due to directors	10	(1,705,101)	(1,491,822)
Trade and other payables	11	<u>(3,000)</u>	<u>(3,000)</u>
		<u>(1,708,101)</u>	<u>(1,494,822)</u>
NET CURRENT LIABILITIES		<u>(1,667,710)</u>	<u>(1,408,016)</u>
EQUITY			
Accumulated deficit		<u>(1,667,710)</u>	<u>(1,408,016)</u>
		<u>(1,667,710)</u>	<u>(1,408,016)</u>

The financial statements on pages 6 to 15 were approved and authorised for issue by the Board of Committee members on 27 January 2021 and are signed on its behalf by:


Kwok Chi Lap, Frank
Director


Lee, Nancy, Shuk Ying
Director

The notes on pages 9 to 15 form part of these financial statements.

ARTIST CRADLE CO. LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	2020 HK\$	2019 HK\$
OPERATING ACTIVITIES		
Operating loss before changes in working capital	(259,694)	(202,734)
Decrease in trade and other receivables	3,600	-
Decrease in trade and other payables	-	(3,000)
Increase in amounts due to a director	<u>213,279</u>	<u>244,845</u>
Cash (used in)/generated from operations	(42,815)	39,111
Hong Kong profits tax paid	<u>-</u>	<u>-</u>
Net cash (used in)/generated from operating activities	<u>(42,815)</u>	<u>39,111</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(42,815)	39,111
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		
	<u>62,206</u>	<u>23,095</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
	<u><u>19,391</u></u>	<u><u>62,206</u></u>

The notes on pages 9 to 15 form part of these financial statements.

ARTIST CRADLE CO. LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL INFORMATION

Artist Cradle Co. Limited is a company incorporated in Hong Kong with limited liability. The address of registered office and principal place of business of the Company is located at Unit A, 10/F., Yip Win Factory Building, 10 Tsun Yip Lane, Kwun Tung, Hong Kong.

The Company's principal activity is provision of art events in order to promote the religious activities.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT 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.

The financial statements have been prepared on a going concern basis notwithstanding the Company had net liability as at 31 March, 2020 as the members have undertaken to provide continuous financial support to the Company, and to maintain it as a going concern.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

For the year ended 31 March 2020

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Property, plant and equipment

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

Where the Company acquires leasehold land for own use under a finance lease, the prepaid cost included in property, plant and equipment on initial recognition represents the fair value of the leasehold land, or if lower, the present value of the minimum lease payments, determined at the inception of the lease and any initial direct costs of the lessee (incremental costs that are directly attributable to negotiating and arranging a lease).

The other cost of such items of property, plant and equipment comprises the following:

- the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular year for purposes other than to produce inventories during that year.

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:

Office equipment	25 percent
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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.

Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

For the year ended 31 March 2020

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Impairment of non-financial assets, other than inventories

At each reporting date, property, plant and equipment, intangible assets, and investments in a subsidiary and an associate are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts, rebates, returns, sales-related taxes and after eliminating sales within the Company.

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

- (a) Revenue from services
Revenue from provision of services is recognized when the services are rendered; and
- (b) Interest income
Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the interest applicable and is included in "other income".

Employee benefit obligations

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.

For the year ended 31 March 2020

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

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 Company if that person:
- (i) is a member of the key management personnel of the Company or of a parent of the Company;
 - (ii) has control over the Company; or
 - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (b) An entity is related to the Company if 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) either entity is an associate or joint venture of the other entity (or of a member of a company 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 Company or an entity related to the Company. If the reporting entity 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.

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. REVENUE

Revenue, which is also the Company's turnover, represents the revenue from provision of services is recognised when the services are rendered during the year.

	2020 HK\$	2019 HK\$
Income from art events	-	225,000

ARTIST CRADLE CO. LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

4. DIRECTORS' REMUNERATION

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

	2020 HK\$	2019 HK\$
Fees	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>

5. DEFICIT BEFORE TAX

Deficit before tax is arrived at after charging the following items:

	2020 HK\$	2019 HK\$
Auditors' remuneration	3,000	3,000
Depreciation of property, plant and equipment	-	-
Operating lease charges on property rental	155,800	145,300
Staff costs,		
- Salaries, wages and other benefits	-	-
- Contributions to defined contribution retirement plan	-	-
	<u>-</u>	<u>-</u>

6. TAX

No provision has been made for Hong Kong Profits Tax as the Company is exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable institute.

ARTIST CRADLE CO. LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

7. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK\$
Cost	
At 1 April 2019 and at 31 March 2020	<u>13,799</u>
Accumulated depreciation and impairment	
At 1 April 2019 and at 31 March 2020	<u>13,799</u>
Net carrying amount	
At 31 March 2020	<u><u>-</u></u>
At 31 March 2019	<u><u>-</u></u>

8. TRADE AND OTHER RECEIVABLES

	2020 HK\$	2019 HK\$
Deposit	<u>21,000</u>	<u>24,600</u>

9. CASH AND BANK BALANCE

	2020 HK\$	2019 HK\$
Cash at bank and in hand	<u>19,391</u>	<u>62,206</u>

10. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, interest-free and have no fixed terms of repayment.

ARTIST CRADLE CO. LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

11. TRADE AND OTHER PAYABLES

	2020 HK\$	2019 HK\$
Accrued expenses	<u>3,000</u>	<u>3,000</u>

12. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Contributions to the plan vest immediately.

13. OPERATING LEASE COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases for each of the following years:

	2020 HK\$	2019 HK\$
Not later than 1 year	114,000	-
Later than 1 year and not later than 5 years	<u>209,000</u>	<u>-</u>
	<u>323,000</u>	<u>-</u>

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of director on 27 January 2021.

ARTIST CRADLE CO. LIMITED

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020
(FOR MANAGEMENT PURPOSE ONLY)

	HK\$
REVENUE	
Exhibition income	-
Less: Cost of event	<u>(66,725)</u>
Gross loss	<u>(66,725)</u>
LESS: ADMINISTRATIVE EXPENSES	
Arts materials	9,868
Audit fee	3,000
Bank charges	100
Motor vehicle expenses	5,600
Entertainment	3,694
Electricity	5,437
Office expenses	1,549
Printing and stationery	1,297
Repairs expenses	451
Rent and rates	155,800
Telecommunication	3,873
Transportation	1,700
Sundry expenses	600
	<u>192,969</u>
Deficit for the year	<u><u>(259,694)</u></u>