

PLASTIC FREE SEAS LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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PLASTIC FREE SEAS LIMITED

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

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended 31 December 2020.

FINANCIAL STATEMENTS

The financial performance for the year is set out in the statement of income and general fund on page 4.

The financial position of the company at 31 December 2020 is set out in the statement of financial position on page 5.

The cash flows of the company for the year are set out in the statement of cash flows on page 6.

PRINCIPAL ACTIVITIES

The principal activities of the company are to provide education and awareness programs for schools related to local issues in the context of the global plastic marine pollution problem.

There have been no significant changes in the nature of these activities during the year.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends.

DIRECTORS

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

Jeffrey John Read
Martin John Allen

According to the company's Articles of Association, all members shall retire from office at the following annual general meeting of the company and shall be eligible for re-election.

PERMITTED INDEMNITY PROVISIONS

The company's Articles provide that every director and other officer for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in the proper and reasonable discharge of his duties in relation to the company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under the Ordinance in which relief is granted to him by the Court.

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.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance, to which the company, or any of its subsidiaries or related companies was a party, and in which a director had a material interest, subsisted at the end of the year or at any time during the year.

AUDITORS

The auditors, Messrs. William Po & Co., Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Jeffrey John Read
Director

13 AUG 2021

Certified Public Accountants

蒲錦文會計師事務所

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PLASTIC FREE SEAS LIMITED
(Incorporated in Hong Kong and limited by guarantee)****Opinion**

We have audited the financial statements of Plastic Free Seas Limited ("the company") set out on pages 4 to 9, which comprise the statement of financial position as at 31 December 2020, the statement of income and general fund and the 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'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.

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.

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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PLASTIC FREE SEAS LIMITED - CONTINUED
(Incorporated in Hong Kong and limited by guarantee)**

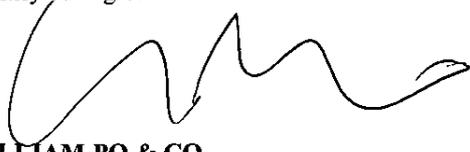
Auditor's Responsibilities for the Audit of the Financial Statements

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. We report our opinion 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.
- 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.



WILLIAM PO & CO.
Certified Public Accountants
Hong Kong, 13 AUG 2021

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**STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | 2020 | 2019 |
|--|------------------|------------------|
| | HK\$ | HK\$ |
| Income | | |
| Donations | 649,554 | 947,030 |
| Program income | 102,850 | 291,255 |
| Products sales | 7,335 | 15,525 |
| Fundraiser income | 290 | - |
| Employment Support Scheme subsidy | 24,000 | - |
| Interest income | 72 | - |
| | <u>784,101</u> | <u>1,253,810</u> |
| Less: Expenses | | |
| Administration expenses | 2,411 | 4,492 |
| Audit fee | 10,400 | 7,200 |
| Bank charges | 988 | 1,007 |
| Company secretarial fee | 995 | 1,780 |
| Contract fees | 354,000 | 312,630 |
| Cost of sales | 2,131 | 6,317 |
| Exchange loss | 419 | 1,300 |
| Displays and printings | 355 | 947 |
| Donations | 500 | 1,000 |
| Equipment expenses | 2,258 | - |
| Food and beverage | 1,972 | 50 |
| Fundraising | 530 | - |
| Insurance | 9,125 | 4,966 |
| IT expenses | 19,449 | 17,452 |
| Miscellaneous | 616 | 226 |
| Mandatory Provident Fund contributions | 10,300 | 11,858 |
| Online services charges | 1,091 | 433 |
| Research expenses | - | 1,640 |
| Salaries | 208,000 | 242,300 |
| Subscription | 12,091 | 12,894 |
| Sundry | - | 9,794 |
| Supplies | 159 | - |
| Training | 1,219 | 1,200 |
| Transportation | 17,424 | 52,063 |
| Volunteer stipend | 773 | 2,400 |
| | <u>657,206</u> | <u>693,949</u> |
| Surplus for the year | 126,895 | 559,861 |
| General fund bought forward | 3,668,232 | 3,108,371 |
| General fund carried forward | 3,795,127 | 3,668,232 |

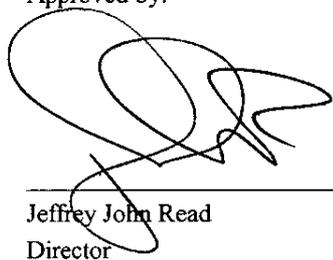
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The notes on pages 7 to 9 form an integral part of these financial statements.

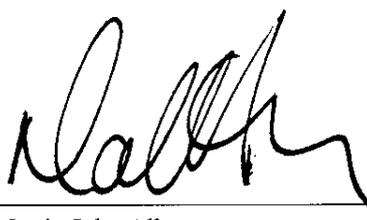
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

| | 2020 HK\$ | 2019 HK\$ |
|-----------------------------------|------------------|------------------|
| Current assets | | |
| Inventories | 13,895 | 15,949 |
| Account receivables | 9,250 | - |
| Prepayments and other receivables | 56,224 | 51,565 |
| Cash and bank balances | <u>3,745,543</u> | <u>3,634,145</u> |
| | <u>3,824,912</u> | <u>3,701,659</u> |
| Current liabilities | | |
| Account payables | 11,885 | 22,927 |
| Accruals | <u>17,900</u> | <u>10,500</u> |
| | <u>29,785</u> | <u>33,427</u> |
| Net assets | <u>3,795,127</u> | <u>3,668,232</u> |
| Fund | | |
| General fund | <u>3,795,127</u> | <u>3,668,232</u> |

Approved by:



Jeffrey John Read
Director



Martin John Allen
Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | 2020 HK\$ | 2019 HK\$ |
|--|------------------|------------------|
| Operating activities | | |
| Surplus for the year and operating cash flows before changes in working capital | 126,895 | 559,861 |
| Decrease in inventories | 2,054 | 6,076 |
| Increase in account receivables | (9,250) | - |
| Increase in prepayments and other receivables | (4,659) | (36,065) |
| Decrease in accruals and other payables | (3,642) | (102,134) |
| Net cash generated from operating activities | 111,398 | 427,738 |
| | | |
| Increase in cash and cash equivalents | 111,398 | 427,738 |
| Cash and cash equivalents at the beginning of the year | 3,634,145 | 3,206,407 |
| Cash and cash equivalents at the end of the year | 3,745,543 | 3,634,145 |
| | | |
| Analysis of cash and cash equivalents | | |
| Cash and bank balances | 3,745,543 | 3,634,145 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

GENERAL

The company is incorporated in Hong Kong under the Companies Ordinance as a company with limited liability. The company's registered office is located at 21/F., Chun Wo Commercial Centre, 23-29 Wing Wo Street, Sheung Wan, Hong Kong. The principal activities of the company are to provide education and awareness programs for schools related to local issues in the context of the global plastic marine pollution problem.

1 SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

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 and on the basis that the company will continue as a going concern.

(b) Recognition of revenue

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

- * donations is recognised when the right to received payment is established.
- * on the rendering of services, on an appropriate basis over the relevant period in which the services are rendered.
- * sales of goods is recognized when the goods are delivered and the risks and rewards of ownership have passed to the customer.
- * service income is recognised when the related services are rendered.
- * interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(c) Employee benefits

- i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the company of non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the company. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- ii) The company operates a Mandatory Provident Fund scheme ("MPF scheme") for the employees. Contributions are made based on a percentage of the employee's basic salaries and are charged to the income statement as they become payable. The assets of the MPF Scheme are held in an independently administered fund. The company's contributions vest fully with the employees when contributed into the MPF Scheme.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2020**

1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost comprises purchase price and directly attributable costs that have been incurred. Trade discounts, rebates and other similar items are deducted in determining the costs.

In general, costs are assigned to the individual items on a first in first out basis.

Net realisable value is calculated as the actual or estimated selling price less all further costs of production and the related costs of marketing, selling and distribution.

(e) Account receivables

Account receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost, less provision for impairment. A provision for impairment of account 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.

(f) Account payables

Account payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 TRANSITION TO THE HKFRS FOR PRIVATE ENTITIES

The company's financial statements for the year ended 31 December 2020 are its first annual financial statements prepared under accounting policies that comply with the HKFRS for Private Entities. The company applied HKFRS to prepare its financial statements prior to the application of the HKFRS for Private Entities.

The company's date of transition is 1 January 2019 and the company prepared its opening statement of financial position in compliance with the HKFRS for Private Entities at that date.

There are no material difference between the financial statements prepared under HKFRS for Private Entities and that under the HKFRS.

3 STAFF COSTS

| | 2020 | 2019 |
|---------------------------------------|----------------|----------------|
| | HK\$ | HK\$ |
| Salaries | 208,000 | 242,300 |
| Mandatory Provident Fund contribution | 10,300 | 11,858 |
| | <u>218,300</u> | <u>254,158</u> |

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2020**

**4 DIRECTORS' REMUNERATION (EQUIVALENT TO KEY MANAGEMENT PERSONNEL
COMPENSATION)**

During the years ended 31 December 2020 and 31 December 2019, no amounts have been paid in respect of directors' emoluments, directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office.

5 INCOME TAX

No provision for Hong Kong profits tax is made in the accounts as the company is an approved charitable institution, and has obtained exemption from Hong Kong profits tax.

6 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the company's directors on **13 AUG 2021**