

CLEAN AIR NETWORK
健康空氣行動

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

I, being a Director of Clean Air Network,
hereby certify that this is true copy.

Richard Wellbeck

Director



T M HO SO & LEUNG CPA LIMITED

Certified Public Accountants, Hong Kong

何鐵文蘇漢章梁樹賢會計師行有限公司



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CLEAN AIR NETWORK
健康空氣行動

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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CLEAN AIR NETWORK
健康空氣行動
REPORT OF THE COUNCILLORS

The councillors have pleasure in submitting herewith their report together with the audited financial statements for the year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The principal activities of the organisation are engaged in provision of public health education services.

ACCOUNTS

The financial performance and cash flows of the organisation for the year ended 30 June 2020 and the financial position of the organisation at that date are shown in the attached financial statements.

BUSINESS REVIEW

The organisation qualifies for the reporting exemption as a small guarantee company under section 359(1) of the Hong Kong Companies Ordinance. Accordingly, the organisation is exempted from preparing a business review under section 388(3)(a) of the Hong Kong Companies Ordinance.

COUNCILLORS

The councillors who held office during the financial year and up to the date of this report were:

Wong Yuen Shan	
Yip Yan Yan	
Zhao Tong	
Lek Lindy Ee Ling	(Resigned on 4 December 2019)
Chun May Ka Mee	(Appointed on 4 December 2019)
Williamson Richard Scot	(Appointed on 4 December 2019)

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the operation of the organisation were entered into or existed during the year.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Report of the Councillors, there was or is, any permitted indemnity provision being in force for the benefit of any of the councillors of the organisation (whether made by the organisation or otherwise) or an associated organisation.

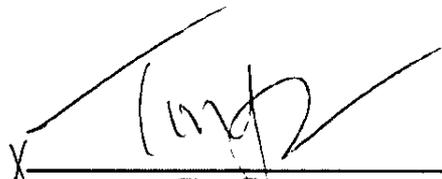
AUDITORS

The financial statements for the year were audited by T.M.Ho So & Leung CPA Limited who retire and, being eligible, offer themselves for re-appointment.

OTHER MATTERS

At the date of this report, the councillors are not aware of any circumstances not otherwise dealt with in these report and financial statements which would render any amount stated in the financial statements misleading.

By Order of the Board



X _____
Zhao Tong
Chairman

HONG KONG : 23 MAR 2021



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLEAN AIR NETWORK**

健康空氣行動

(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Clean Air Network ("the Organisation") set out on pages 6 to 14, which comprise the statement of financial position as at 30 June 2020, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 Organisation as at 30 June 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 Organisation 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 councillors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the report of the councillors set out on pages 1 to 2, 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 on the other information obtained prior to the date of this auditor's report, 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.

Responsibility of Councillors for the Financial Statements

The councillors 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 councillors 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 councillors are responsible for assessing the Organisation'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 councillors either intend to liquidate the Organisation or to cease operations, or have no realistic alternative but to do so.

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 HKSA's 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 HKSA's, 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the councillors.

- Conclude on the appropriateness of the councillors' 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 Organisation'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 Organisation 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.

T.M. Ho So & Leung CPA Ltd.

T.M.Ho So & Leung CPA Limited
Certified Public Accountants (Practising)
Hong Kong

Date : 23 MAR 2021

Practising Director: Kwok Kam Sim
Practising Certificate No.: P03736

CLEAN AIR NETWORK
健康空氣行動
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

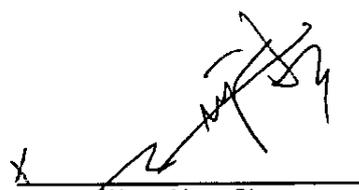
	NOTE	2020 HK\$	2019 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	4	4,059	0
CURRENT ASSETS			
Deposits and prepayment		76,763	2,500
Accounts receivable		51,841	0
Cash at bank		968,432	760,533
Cash in hand		302	4,660
		1,097,338	767,693
CURRENT LIABILITIES			
Accrued charges		144,906	14,800
NET CURRENT ASSETS			
		952,432	752,893
NET ASSETS			
		956,491	752,893
EQUITY			
Accumulated fund		956,491	752,893

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

These financial statements were approved and authorised for issue by the Board on **23 MAR 2021**



 Zhao Tong
 Councillor



 Wong Yuen Shan
 Councillor

CLEAN AIR NETWORK
健康空氣行動
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 HK\$	2019 HK\$
INCOME	5	2,345,066	1,559,600
OTHER INCOME	6	<u>651,736</u>	<u>1,525,547</u>
		2,996,802	3,085,147
GENERAL AND ADMINISTRATIVE EXPENSES	7	2,132,415	2,876,487
PROJECT EXPENSES	8	<u>660,789</u>	<u>1,166,321</u>
SURPLUS/(DEFICIT) AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u><u>203,598</u></u>	<u><u>(957,661)</u></u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

CLEAN AIR NETWORK
健康空氣行動
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 HK\$	2019 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the year		203,598	(957,661)
Depreciation charges	4	1,740	0
Operating surplus/(deficit) before working capital changes		<u>205,338</u>	<u>(957,661)</u>
Increase in deposits and prepayment		(74,263)	0
(Increase)/Decrease in accounts receivable		(51,841)	864,969
Increase in accrued charges		130,106	800
Cash generated from/(used in) operating activities		<u>209,340</u>	<u>(91,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of office equipment	4	<u>(5,799)</u>	<u>0</u>
Cash used in investing activities		<u>(5,799)</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalents		203,541	(91,892)
Cash and cash equivalents at start of year		765,193	857,085
Cash and cash equivalents at end of year		<u>968,734</u>	<u>765,193</u>
Analysis of balances of cash and cash equivalents			
Cash at bank		968,432	760,533
Cash in hand		302	4,660
		<u>968,734</u>	<u>765,193</u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

CLEAN AIR NETWORK
健康空氣行動
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Accumulated <u>Fund</u> HK\$
Balance at 1 July 2018	1,710,554
Deficit and total comprehensive expense for the year	<u>(957,661)</u>
Balance at 30 June 2019	<u>752,893</u>
Balance at 1 July 2019	752,893
Surplus and total comprehensive income for the year	<u>203,598</u>
Balance at 30 June 2020	<u>956,491</u>

CLEAN AIR NETWORK
健康空氣行動
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. CORPORATE INFORMATION

Reporting entity

Clean Air Network ("the organisation") is an organisation incorporated in Hong Kong with limited liability. The organisation's registered office was located at Room A, 2/F., The Standard Chartered Bank Building, 102-106 Queen's Road West, Sheung Wan, Hong Kong and moved to 23/F., Chun Wo Commercial Centre, 23-29 Wing Wo Street, Sheung Wan, Hong Kong in February 2020.

The financial statements are presented in Hong Kong dollars, which is also the functional currency of the organisation.

Principal activity

During the year, the principal activity of the organisation is engaged in provision of public health education services.

2. BASIS OF PREPARATION AND 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 and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out below.

a. Property, plant and equipment

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

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

- (i) the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- (ii) 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;
- (iii) 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 period for purposes other than to produce inventories during that period.

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. The following annual rates are used for the depreciation of property, plant and equipment:

Furniture and fixtures	20%
Computer equipments	30%

b. Impairment of non-financial assets, other than inventories

At each reporting date, property, plant and equipment 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.

c. Accounts receivables

Accounts 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 accounts receivables is established when there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivables.

CLEAN AIR NETWORK
健康空氣行動
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

d. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

e. Revenue recognition

Funding, project, donation and sundry income are recognised on accrual basis.

f. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the organisation. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

g. 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 organisation if that person:

- (i) is a member of the key management personnel of the organisation or of a parent of the organisation;
- (ii) has control or joint control over the organisation; or
- (iii) has significant influence over the organisation.

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

- (i) the entity and the organisation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third entity.
- (iv) one 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 organisation or an entity related to the organisation. If the organisation is itself such a plan, the sponsoring employers are also related to the organisation.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the organisation or to the parent of the organisation.
- (viii) a person identified in (a)(ii) 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.

CLEAN AIR NETWORK
健康空氣行動
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

h. Employee benefits

(i) Salaries, bonuses and leave benefits

Employee entitlements to salaries, annual bonuses, paid annual leave and the cost to the organisation of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the organisation. Salaries are categorised into advocacy and education costs, salaries and project expenses in accordance to roles and responsibilities of each employee.

(ii) Contributions to defined contribution retirement plans

The organisation's contributions to the Mandatory Provident Fund scheme in respect of all employees are charged to the statement of comprehensive income as incurred.

3. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a. Judgements in applying the entity's accounting policies

There are no accounting judgements made by the organisation that have significant effect on the amounts recognised in the financial statements.

Impairment of assets

In the opinion of the councillors, there is no impairment loss in respect of property, plant and equipment.

b. Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and fixtures</u> HK\$	<u>Computer equipments</u> HK\$	<u>Total</u> HK\$
At cost			
At 1 July 2019	31,615	118,709	150,324
Additions	0	5,799	5,799
At 30 June 2020	31,615	124,508	156,123
Accumulated depreciation			
At 1 July 2019	31,615	118,709	150,324
Charge for the year	0	1,740	1,740
At 30 June 2020	31,615	120,449	152,064
Net value			
At 30 June 2020	0	4,059	4,059
At 30 June 2019	0	0	0

CLEAN AIR NETWORK
健康空氣行動
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2020

	2020 HK\$	2019 HK\$
5. INCOME		
Funding received from:		
The ADM Capital Foundation Limited	250,000	250,000
WYNG Foundation	2,095,066	1,309,600
	<u>2,345,066</u>	<u>1,559,600</u>
6. OTHER INCOME		
Project income from corporations (Airmazing race, PM2.5 Monitoring, Pollution Monitoring and Social Media)	0	18,248
Project income from corporations (Corporate events)	0	35,608
Project income from corporations (Let Our Children Breathe)	87,500	30,000
Donations	512,470	535,705
Donations from the Hong Kong Jockey Club Charities Trust	0	874,224
Sundry income	51,766	31,762
	<u>651,736</u>	<u>1,525,547</u>
7. GENERAL AND ADMINISTRATIVE EXPENSES		
Auditors' remuneration	14,800	14,800
Contribution to MPF	62,319	87,695
Depreciation	1,740	0
Office operational costs	465,040	565,832
Advocacy and education cost	380,000	869,838
Salaries (Admin)	1,208,516	1,338,322
	<u>2,132,415</u>	<u>2,876,487</u>
8. PROJECT EXPENSES		
Airmazing race project expenses	0	5,216
Corporate event project expenses	0	2,726
Citizen Empowerment project expenses	120,942	1,819
Social media project expenses	152,150	67,804
Smart Move project expenses	0	14
We Are Transport project expenses (HKJCCT)	0	874,224
APCO project expenses	2,200	181,372
Clean Air Neighbourhood project expenses	0	28,060
Let Our Children Breathe project expenses	128,552	2,970
Getting Ahead (Clean Bus) Campaign expenses	243,624	0
Ad Hoc project expenses	13,321	2,116
	<u>660,789</u>	<u>1,166,321</u>
9. TAXATION		

No provision for profits tax was made as Clean Air Network is an approved charitable institution and was exempted from profits tax under Section 88 of the Inland Revenue Ordinance.

CLEAN AIR NETWORK
健康空氣行動
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	HK\$	HK\$
10. COUNCILLORS' REMUNERATION		
Councillors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance is as follows:		
Fees	0	0
Other emoluments	0	0
	0	0

11. RELATED PARTY TRANSACTIONS

Related party transaction disclosures are as follows:

- (i) During the year, the organisation received funding from a related organisation amounting to HK\$2,095,066 (2019: HK\$1,309,600).
- (ii) During the year, a related organisation reimbursed the organisation's license fee amounting to HK\$51,000 (2019: HK\$0).

12. EVENTS AFTER THE REPORTING PERIOD

The outbreak of COVID-19 coronavirus ("COVID-19") in early 2020 has a negative impact on market sentiments and posed a significant threat to the global economy. The organisation will continue to closely monitor the development of the COVID-19 outbreak and take all necessary measures to mitigate the impact on the organisation's operations.

_____ End of Notes _____