

CIVIC EXCHANGE
(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

I, being a Director of CIVIC EXCHANGE,
hereby certify that this is true copy.



Director



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21/07/2021

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CIVIC EXCHANGE

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 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 30 September 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 30 September 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 promote civic education and to undertake research on development of economic, social and environmental public policy.

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

DIRECTORS

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

Lisa Genasci
Chen Ang-Yee, Annie
Paulus Johannes Zimmerman
Au Yang Chi Chun, Evan
Chan May Ying, Dorothy (appointed on 30 March 2020)

In accordance with the company's Articles of Association, one-third of the directors retire at the forthcoming Annual General Meeting and, being eligible, are available for re-election.

PERMITTED INDEMNITY PROVISIONS

The company's Articles provide that every director or officer shall be indemnified out of the assets of the company from and against all losses or liabilities which they may incur or sustain in the execution of their duties in their respective office but except such if they shall incur or sustain through their own wilful neglect or default.

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

Except as disclosed in note 12 of the financial statements, no contracts of significance, to which the company, its fellow subsidiaries or its holding company was a party and in which a director of the company 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



Au Yang Chi Chun, Evan
Chair

18 JUN 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CIVIC EXCHANGE****(Incorporated in Hong Kong and limited by guarantee)****Opinion**

We have audited the financial statements of Civic Exchange ("the company") set out on pages 4 to 14, which comprise the statement of financial position as at 30 September 2020, and 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 30 September 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 ("HKSAs") 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 of the company are responsible for the preparation of 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 are 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CIVIC EXCHANGE - 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 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, 18 JUN 2021

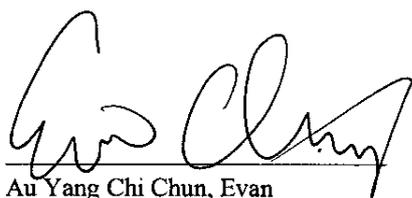
**STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Notes	2020 HK\$	2019 HK\$
Income			
Project income	3	2,789,904	2,798,458
Grant income	4	252,000	450,780
General donation		1,161,400	2,600
Government subsidies		126,440	-
Miscellaneous income		23,579	2,942
		<u>4,353,323</u>	<u>3,254,780</u>
Less: Expenditure			
Accounting fees		19,040	31,360
Audit fees		27,000	27,000
Bank charges		1,803	1,195
Company secretarial fees		5,700	5,450
Conference expenses		600	843
Consultant fees		255,821	722,028
Courier and postage		-	87
Depreciation		13,189	11,506
Insurance		31,501	6,066
IT system and software expenses		32,922	46,468
Mandatory provident fund		17,193	24,306
Meals and meeting refreshments		22,536	964
Membership fee		-	3,491
Office supplies		171	6,277
Printing and stationery		3,314	2,617
Project costs	5	2,951,524	2,742,326
Rent		252,000	414,000
Repairs and maintenance		20,722	23,000
Salaries		271,363	177,402
Sundry expenses		1,312	1,273
Telecommunications expenses		2,037	787
Website expenses		42,263	65,439
		<u>3,972,011</u>	<u>4,313,885</u>
Surplus/(deficit) for the year		381,312	(1,059,105)
General fund brought forward		76,644	1,135,749
General fund carried forward		457,956	76,644

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Notes	2020 HK\$	2019 HK\$
Non-current assets			
Property, plant and equipment	9	16,387	21,160
Current assets			
Account receivables		22,440	466,128
Prepayments		128,313	29,473
Cash and bank balances		2,993,929	823,278
		3,144,682	1,318,879
Current liabilities			
Accruals and other payables	10	2,703,113	1,263,395
Net current assets		441,569	55,484
Net assets		457,956	76,644
Funds			
General fund		457,956	76,644

Approved by:


Au Yang Chi Chun, Evan
Director

Lisa Genasci
Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	2020	2019
	HK\$	HK\$
Operating activities		
Surplus/(deficit) for the year	381,312	(1,059,105)
Adjustments for:		
Depreciation of property, plant and equipment	13,189	11,506
Operating surplus/(deficit) before changes in working capital	394,501	(1,047,599)
Decrease in account receivables	443,688	358,027
(Increase)/decrease in prepayments and other receivables	(98,840)	2,301
(Increase)/decrease in accruals and other payables	1,439,718	(792,213)
Net cash generated/(used in)from operations	2,179,067	(1,479,484)
Investing activities		
Purchase of property, plant and equipment	(8,416)	-
Increase/(decrease) in cash and cash equivalents	2,170,651	(1,479,484)
Cash and cash equivalents at the beginning of the year	823,278	2,302,762
Cash and cash equivalents at the end of the year	2,993,929	823,278
Analysis of cash and cash equivalents		
Cash and bank balances	2,993,929	823,278

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1 GENERAL

The company is incorporated in Hong Kong under the Companies Ordinance as a company limited by guarantee. The company's registered office is located at 23/F, Chun Wo Commercial Centre, 23-29 Wing Wo Street, Central, Hong Kong. The principal activities of the company are to promote civic education and to undertake research on development of economic, social and environmental public policy. Under the provision of its Articles of the Association, every member shall, in the event of the company being wound up, contribute such amount as may be required to meet the liabilities of the company but not exceeding the sum of HK\$100 each.

2 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.

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

Office equipment	20%
Furniture and fixtures	20%

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

(c) Impairment of non-financial assets

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.

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 (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(d) Receivables**

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 trade 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 receivable.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and demand deposits with original maturities of three months or less.

(f) Payables

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.

(g) 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:

- * Project income earmarked for specific purposes on projects are initially recognised as receipt in advance. When there is reasonable assurance that the company will comply with the conditions attaching to the project income and the project income will be received, they are recognised in the statement of income and general fund over the period necessary to match with the related costs which they are intended to compensate.
- * Grants, which are general in nature, are recognised over the period of grant.
- * Donations are recognised when the right to receive payment is established.
- * On the rendering of services, based on the stage of completion of the transaction, provided that this and the costs incurred as well as the estimated costs to completion can be measured reliably. The stage of completion of a transaction associated with the rendering of services is established by reference to the costs incurred to date as compared to the total costs that would be incurred under the transaction.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(h) 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 year 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.

(i) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to profit or loss as incurred over the lease term.

(j) Foreign currencies

The functional and reporting currency of the company is Hong Kong dollars, which is the currency of the primary economic environment in which the company operates.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and nonmonetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in statement of income and general fund.

(k) Related party

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2020

3 PROJECT INCOME

	2020 HK\$	2019 HK\$
Air - (Frederick and Marcy Long)	-	80,000
Air - Clean Transport (EVs) (CLP Power Hong Kong Limited)	278,416	184,631
Climate Change - Footprint Calculator (River Star Foundation, RS Group)	77,568	-
Climate Change - Hong Kong 2050 Is Now (ADM Capital Foundation)	1,752,008	506,056
Managing Vibrant Streets: Street Performance Policy in Hong Kong (HKSAR government)	525,840	-
Nature Conservation - (ExxonMobil Hong Kong)	-	187,871
Urban Environment - Reconnecting Open Space (The Hong Kong Jockey Club Charities Trust)	-	504,972
Water - Modernising Hong Kong Water Management (WYNG Foundation)	76,072	1,249,928
Water - Hong Kong Public Opinion Survey on the Dong Jiang River Basin Project (Transport Planning and Research Institute, Chinese Ministry of Transport)	-	85,000
Wellbeing - Workshop on Designing a Dialogue Process for Hong Kong (HKSAR Government)	80,000	-
Total for the year	<u>2,789,904</u>	<u>2,798,458</u>

Funders are either included in the project name or in brackets after the project name.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4 GRANT INCOME

	2020	2019
	HK\$	HK\$
WYNG Foundation	<u>252,000</u>	<u>450,780</u>

5 PROJECT COSTS

	2020	2019
	HK\$	HK\$
Conference expenses	1,210	83,564
Courier and postage	-	504
Design and layout expenses	181,600	65,500
Editing fee	5,400	42,558
Insurance	1,400	9,820
Internet charges	600	3,600
IT expense and support fee	107,523	31,000
Mandatory Provident Fund	42,390	15,042
Meals and meeting refreshments	10,017	2,375
Project management and research fees	2,534,159	2,374,312
Report printing and mailing	15,563	68,441
Sundry expenses	678	731
Supplies	252	773
Telecommunications expenses	1,511	3,072
Translation fee	14,620	34,521
Travelling expenses	34,601	6,163
Website expenses	-	350
	<u>2,951,524</u>	<u>2,742,326</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

6 EMPLOYEE BENEFIT EXPENSE

The company has employee benefit expense included in various expenditure. Details are as follows:

	2020	2019
	HK\$	HK\$
Mandatory Provident Fund	17,193	24,306
Salaries	271,363	177,402
Project costs	1,136,776	821,390
	<u>1,425,332</u>	<u>1,023,098</u>

Analysis of the total employee benefit expense is as follows:

	2020	2019
	HK\$	HK\$
Salaries	1,365,749	983,750
Mandatory Provident Fund	59,583	39,348
	<u>1,425,332</u>	<u>1,023,098</u>

7 DIRECTORS' REMUNERATION (EQUIVALENT TO KEY MANAGEMENT PERSONNEL COMPENSATION)

During the years ended 30 September 2020 and 30 September 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.

8 TAXATION

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

9 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Cost:			
At 1 October 2019	13,918	127,040	140,958
Additions	-	8,416	8,416
Disposal	-	(14,100)	(14,100)
At 30 September 2020	<u>13,918</u>	<u>121,356</u>	<u>135,274</u>
Accumulated depreciation:			
At 1 October 2019	12,117	107,681	119,798
Charge for the year	1,801	11,388	13,189
Written back on disposal	-	(14,100)	(14,100)
At 30 September 2020	<u>13,918</u>	<u>104,969</u>	<u>118,887</u>
Net book value:			
At 30 September 2020	<u>-</u>	<u>16,387</u>	<u>16,387</u>
At 30 September 2019	<u>1,801</u>	<u>19,359</u>	<u>21,160</u>

10 ACCRUALS AND OTHER PAYABLES

	2020 HK\$	2019 HK\$
Accruals	28,800	28,120
Receipt in advance	<u>2,674,313</u>	<u>1,235,275</u>
	<u>2,703,113</u>	<u>1,263,395</u>

11 OPERATING LEASE COMMITMENTS

At the year end date, the company had commitments for future minimum lease payment under non-cancellable operating leases which fall due as follows:

	2020 HK\$	2019 HK\$
Within one year	<u>84,000</u>	<u>168,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

12 RELATED PARTY TRANSACTIONS

The company received grants from and paid office license fee to WYNG Foundation amounting to HK\$252,000 (2019: HK450,780) and HK\$252,000 (2019: HK\$414,000) respectively during the year.

WYNG Foundation also funded specific projects the details of which are set out in Note 3 of the financial statements.

Mr. Anthony Ng, director, was also the Founder and Chair of WYNG Foundation.

Ms. Lisa Genasci, director, is also the Chief Executive Officer of ADM Capital Foundation, which has funded specific projects as set out in Note 3 of the financial statements.

Ms. Annie Chen, director, is also the Founder and Chair of RS Group, which has funded specific projects as set out in Note 3 of the financial statements.

13 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the company's Board of Directors on **18 JUN 2021**