

RESOLVE FOUNDATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

RESOLVE FOUNDATION LIMITED

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

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DIRECTORS' REPORT

The directors are pleased to present 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 ended 31 December 2020 is set out in the statement of income and general reserve fund on page 5.

The financial position of the company as at 31 December 2020 is set out in the statement of financial position on page 6.

The cash flows of the company for the year ended 31 December 2020 are set out in the statement of cash flows on page 7.

PRINCIPAL ACTIVITIES

The principal activities of the company are to educate members of marginalized and underrepresented communities in Hong Kong to develop their understanding of existing legal and policy mechanisms that exist for the protection of such marginalized and underrepresented members of the Hong Kong community, to develop their community participation and organisation skills, and to develop their communication and leadership skills.

In 2020, the company accepted 20 fellows and commenced the third cohort of its signature Social Justice Fellowship, on the topic of “disABILITIES and Empowerment: Less Assumptions, More Conversations”. In addition, the company has started its alumni network program and launched and awarded its First Opportunity Fund to its alumni. The Fund provides financial support for the alumni to further their impact in the community.

DIRECTORS

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

Shaphan Habib Marwah
Kwong Ho Yin
Peter Benjamin Edward Williams
Ng Tze Wei

In accordance with the Articles of Association, the directors appointed under ordinary resolution hold office for an unlimited period of time. All other directors retire before the end of 9 months after the end of the reporting period and being eligible, are available for re-election.

PERMITTED INDEMNITY PROVISIONS

The company's Articles of Association provides that a director or former director of the company may be indemnified out of the company's assets against any liability incurred by the director to a person other than the company in connection with any negligence, default, breach of duty or breach of trust in relation to the company.

During the year, the company has entered into contract with an insurance company to provide public liability insurance for the directors.

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 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.

REPORT OF THE COUNCIL - CONTINUED

AUDITORS

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

On behalf of the Board



Peter Benjamin Edward Williams

Treasurer

29 APR 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
RESOLVE FOUNDATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)****Opinion**

We have audited the financial statements of Resolve Foundation Limited ("the company") set out on pages 5 to 11, which comprise the statement of financial position as at 31 December 2020, the statement of income and general reserve 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 ("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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
RESOLVE FOUNDATION LIMITED - CONTINUED
(Incorporated in Hong Kong and limited by guarantee)**

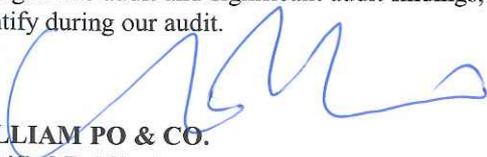
Auditor's Responsibilities for the Audit of the Financial Statements

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, **29 APR 2021**

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

	Notes	2020 HK\$	2019 HK\$
Income			
Donation income	3	1,565,787	133,226
Grant income	3	3,057,114	2,474,395
Employee Support Scheme subsidy from HKSAR Government		324,000	-
Fundraising event income		-	78,080
Service income		7,000	10,000
Interest income		22	872
		<u>4,953,923</u>	<u>2,696,573</u>
Less: Expenditure			
Audit fee		21,250	20,000
Company secretarial fee		3,305	3,000
Computer expenses		66,730	87,547
Courier and postage		3,052	80
Electronic payment charges and bank charges		12,239	4,279
Exchange loss		1,135	11,470
Fundraising event cost		-	58,855
Insurance		58,689	47,711
License fee		229,500	121,500
Mandatory provident fund	5	23,495	24,247
Meals and hospitality		5,426	6,737
Legal & professional fee		13,025	-
Printing and stationery		524	5,570
Programme expenses	4	2,041,939	1,435,598
Publicity		2,736	8,316
Recruitment expenses		-	25,000
Staff Salaries	5	556,469	554,255
Staff training		16,020	11,180
Sundry expenses		9,560	4,210
Telephone and internet		9,522	5,841
Travelling expenses - Local		3,483	999
		<u>3,078,099</u>	<u>2,436,395</u>
Surplus for the year		1,875,824	260,178
General reserve fund brought forward		470,945	210,767
General reserve fund carried forward		<u>2,346,769</u>	<u>470,945</u>

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	2020 HK\$	2019 HK\$
Current Assets		
Account receivables	141,740	84,745
Cash and bank balances	3,024,602	1,157,416
	<u>3,166,342</u>	<u>1,242,161</u>
Less: Current liabilities		
Accruals & other payables	83,369	71,248
Deferred income	736,204	699,968
	<u>819,573</u>	<u>771,216</u>
Net assets	<u>2,346,769</u>	<u>470,945</u>
Funds		
General reserve fund	<u>2,346,769</u>	<u>470,945</u>

Approved by:



 Peter Benjamin Edward Williams
Treasurer



 Ng Tze Wei
Co-chair

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

	2020	2019
	HK\$	HK\$
Operating activities		
Surplus for the year and operating surplus before changes in working capital	1,875,824	260,178
Increase in account receivables	(56,995)	(84,745)
Increase in accruals & other payables	12,121	45,778
Increase in deferred income	36,236	699,968
	<u>1,867,186</u>	<u>921,179</u>
Tax paid	-	(8,994)
Net cash generated from operating activities	<u>1,867,186</u>	<u>912,185</u>
Increase in cash and cash equivalents	1,867,186	912,185
Cash and cash equivalents at the beginning of the year	1,157,416	245,231
Cash and cash equivalents at the end of the year	<u>3,024,602</u>	<u>1,157,416</u>
Analysis of cash and cash equivalents		
Cash and bank balances	<u>3,024,602</u>	<u>1,157,416</u>

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

1 GENERAL

The company is incorporated in Hong Kong under the Companies Ordinance as a company limited by guarantee. Its registered office is located at 21/F, Chun Wo Commercial Centre, 23-29 Wing Wo Street, Sheung Wan. The principal activities of the company are to educate members of marginalized and underrepresented communities in Hong Kong to develop their understanding of existing legal and policy mechanisms that exist for the protection of such marginalized and underrepresented members of the Hong Kong community, to develop their community participation and organisation skills, and to develop their communication and leadership skills.

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) 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 are recognised when the right to receive payment is established.
- * grants earmarked for specific purposes are initially recognised as deferred income. When there is reasonable assurance that the company will comply with the conditions attaching to the grants and the grants will be received, they are recognised in the statement of income and general reserve fund over the period necessary to match with the related costs which they are intended to compensate.
- * grants which are general in nature but used by the company for a period specified are recognised over the period of grant.
- * service income is recognised on an appropriate basis over the relevant period in which the services are rendered.
- * interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

(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 statement of income and general reserve fund 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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Cash and cash equivalents

Cash and cash equivalents comprise bank balance with original maturities of three months or less.

(e) 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 reserve fund.

3 DONATION AND GRANT INCOME (BY CATEGORY OF FUNDERS)

2020

	Donation income HK\$	Grant income HK\$	Total HK\$
Corporate	111,970	-	111,970
Foundations	1,120,000	3,057,114	4,177,114
Individual giving	333,817	-	333,817
	1,565,787	3,057,114	4,622,901

2019

	Donation income HK\$	Grant income HK\$	Total HK\$
Corporate	7,749	-	7,749
Foundations	44,517	2,474,395	2,518,912
Individual giving	80,960	-	80,960
	133,226	2,474,395	2,607,621

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

4 PROGRAMME EXPENSES

	Notes	2020 HK\$	2019 HK\$
Alumni Opportunity Fund		150,600	-
Alumni Support		19,850	-
Contractor fee		-	129,300
Hospitality expenses for workshops		9,251	60,929
Insurance		500	5,704
Material costs for workshops		12,770	8,272
Outreach Community Cost		37,500	80,712
Programme measurement and evaluation		-	117,233
Programme support		57,590	-
Publicity		7,419	12,972
Speaker Honorarium for workshops		37,250	37,500
Staff salaries and mandatory provident fund	5	1,679,131	936,087
Travelling expenses - Local		29,484	29,212
Travelling expenses - Overseas		594	17,677
		<u>2,041,939</u>	<u>1,435,598</u>

5 STAFF COSTS

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

	2020 HK\$	2019 HK\$
Staff salaries	556,469	554,255
Mandatory provident fund	23,495	24,247
Programme expenses	1,679,131	936,087
	<u>2,259,095</u>	<u>1,514,589</u>

Analysis of the total employee benefit expense is as follows:

	2020 HK\$	2019 HK\$
Staff salaries	2,161,248	1,450,091
Mandatory provident fund	97,847	64,498
	<u>2,259,095</u>	<u>1,514,589</u>

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

6 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.

7 TAXATION

No provision for taxation has been made in the accounts as the company is an approved charitable institution, and has obtained exemption from Hong Kong profits tax since 20 April 2018.

8 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the company's Board of Directors on **29 APR 2021**