

Forming Heart Enrichment Centre Limited
創智從心綜合坊有限公司

(Limited by Guarantee)

Reports and Financial Statements

For the year ended 31 March 2021



Forming Heart Enrichment Centre Limited
創智從心綜合坊有限公司

Reports and Financial Statements
For the year ended 31 March 2021

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Forming Heart Enrichment Centre Limited

創智從心綜合坊有限公司

Directors' Report

The directors have pleasure to present their annual report together with the audited financial statements of the Centre for the year ended 31 March 2021.

Principal activities

The principal activities of the Centre are to educate young people a positive outlook on life through the experience to serve to enhance the empathy of young people and the wisdom of dealing with people for advancement of moral education.

Results

The financial performance and movement of accumulated fund of the Centre for the year ended 31 March 2021 and its financial position as at that date are set out in the financial statements on pages 4 to 8.

Directors

The directors who held office during the year and up to the date of this report were,

Mr. Li Kam Pun
Ms. Kwok Hau Ling
Mr. Yue Chi Yau

Auditor

The financial statements have been audited by Messrs. LKY China who offer themselves for re-appointment.

On behalf of the Board


Mr. Li Kam Pun
Director

Hong Kong, 15 NOV 2021



華強會計師事務所

LKY CHINA

Certified Public Accountants (Practising), Hong Kong

Partners:

甄達華會計師

JOSEPH T. W. YAN

FCPA (Practising), FCA, FCCA,
CTA, FTIHK, FSCA

蔡少芬會計師

NATALIE S.F. CHOY

CPA (Practising), FCCA,
MA (Acctg)

Principal:

張文傑主管

KEN M.K. CHEUNG

Independent Auditor's Report

To the Members of Forming Heart Enrichment Centre Limited 創智從心綜合坊有限公司
(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of Forming Heart Enrichment Centre Limited ("the Centre") set out on pages 4 to 8, which comprise the statement of financial position as at 31 March 2021, and the income statement, and 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 of the Church are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-Sized Entity Financial Reporting Standard ("SME-FRS") 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") and with reference to PN 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 Centre in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other 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.

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

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 in accordance with the SME-FRS 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 Centre'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 Centre or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

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華強會計師事務所

LKY CHINA

Certified Public Accountants (Practising), HONG KONG

Partners:

甄達華會計師

JOSEPH T. W. YAN

FCPA (Practising), FCA, FCCA,
CTA, FTIHK, FSCA

蔡少芬會計師

NATALIE S.F. CHOY

CPA (Practising), FCCA,
MA (Acctg)

Principal:

張文傑主管

KEN M.K. CHEUNG

Independent Auditor's Report (cont'd)

To the Members of Forming Heart Enrichment Centre Limited 創智從心綜合坊有限公司
(Incorporated in Hong Kong with liability 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. 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 the 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 Centre'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 Centre'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 Centre to cease to continue as a going concern.

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.

LKY China
Certified Public Accountants (Practising)

Hong Kong, 15 NOV 2021

Forming Heart Enrichment Centre Limited

創智從心綜合坊有限公司

Income Statement

For the year ended 31 March 2021

| | Note | 2021 HK\$ | 2020 HK\$ |
|---------------------------------------|------|---------------|-----------------|
| Revenue | 3 | 1,447,012 | 2,107,477 |
| Government subsidy | | 357,661 | - |
| Administrative expenses | | (1,794,650) | (2,188,886) |
| Surplus/(deficit) from operations | | 10,023 | (81,409) |
| Interest income | | 5 | 315 |
| Surplus/(deficit) for the year | 4 | <u>10,028</u> | <u>(81,094)</u> |

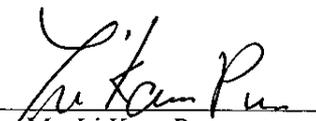
Forming Heart Enrichment Centre Limited

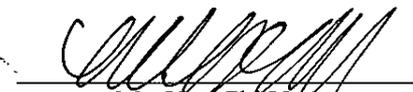
創智從心綜合坊有限公司

**Statement of Financial Position
as at 31 March 2021**

| | <u>2021</u> <u>HK\$</u> | <u>2020</u> <u>HK\$</u> |
|----------------------------|----------------------------|----------------------------|
| Current assets | | |
| Cash at bank | 671,483 | 661,455 |
| Current liabilities | | |
| Accrued charges | 4,200 | 4,200 |
| Net assets | <u>667,283</u> | <u>657,255</u> |
| | | |
| Reserves | <u>667,283</u> | <u>657,255</u> |

The financial statements together with the accompany notes as set out on pages 4 to 8 were approved and authorized for issued by the Board of Directors on **15 NOV 2021** and are signed on its behalf by:


Mr. Li Kam Pun
Director


Mr. Yue Chi Yau
Director

Forming Heart Enrichment Centre Limited

創智從心綜合坊有限公司

**Statement of Changes in Reserves
For the year ended 31 March 2021**

| | <u>Total HK\$</u> |
|------------------------------------|-----------------------|
| Balance as at 1 April 2019 | 738,349 |
| Deficit for the year | (81,094) |
| Balance as at 1 April 2020 | <u>657,255</u> |
| Surplus for the year | 10,028 |
| Balance as at 31 March 2021 | <u><u>667,283</u></u> |

Forming Heart Enrichment Centre Limited

創智從心綜合坊有限公司

Notes to the Financial Statements
For the year ended 31 March 2021

1. General information

The Centre is an association domiciled and incorporated in Hong Kong with liability limited by guarantee. The address of the registered office and principal place of operation of the Centre is 7/F, Skyline Tower, 18 Tong Mei Road, Mongkok, Kowloon, Hong Kong. The principal activities of the Centre are to educate young people a positive outlook on life through the experience to serve to enhance the empathy of young people and the wisdom of dealing with people for advancement of moral education.

2. Basis of preparation and significant accounting policies

The Church qualifies for the reporting exemption as a small company limited by guarantee under section 359(1)(a) of the Hong Kong Companies Ordinance. The Church is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Church is a going concern. The measurement base adopted is the historical cost convention.

The Church’s financial statements for the year ended 31 March 2021 are its first financial statements prepared under accounting policies that comply with the SME-FRS. The Church applied Hong Kong Financial Reporting Standards (“HKFRS”) prior to the application of the SME-FRS. There is no effect of net assets for the adoption the SME-FRS on these financial statements.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements,

a. Provisions and contingent liabilities 撥備及或然負債

Provisions are recognised for liabilities of uncertain timing or amount when the Church has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

b. Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Centre and when the revenue can be measured reliably. All income are recognised on received and receivable basis.

c. Retirement benefit costs

Payment to defined contribution retirement benefit plans are charged as an expense as they fall due.

Forming Heart Enrichment Centre Limited
創智從心綜合坊有限公司

Notes to the Financial Statements
For the year ended 31 March 2021

3. Revenue

| | <u>2021</u> | <u>2020</u> |
|---------------------------------|------------------|------------------|
| | <u>HK\$</u> | <u>HK\$</u> |
| Course and programme fee income | 929,367 | 1,294,740 |
| Donation received | 510,145 | 773,687 |
| Activity income | 7,500 | 39,050 |
| | <u>1,447,012</u> | <u>2,107,477</u> |

4. Surplus/(deficit) for the year

Surplus/(deficit) for the year is stated after charging,

| | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|
| | <u>HK\$</u> | <u>HK\$</u> |
| Directors' remuneration | | |
| - as director | - | - |
| - for management | - | - |
| | <u>-</u> | <u>-</u> |
| Staff cost | | |
| - staff salaries | 1,399,359 | 1,718,974 |
| - staff affairs | 14,186 | 14,435 |
| - contributions to mandatory provident fund scheme | 67,504 | 82,683 |
| | <u>1,481,049</u> | <u>1,816,092</u> |
| Auditor's remuneration | 4,000 | 4,000 |
| Donation | 225,000 | 177,500 |

5. Income tax

The Centre has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable institution of a public character.

Forming Heart Enrichment Centre Limited

創智從心綜合坊有限公司

Detailed Income Statement
For the year ended 31 March 2021
(for management information only)

| | <u>2021</u> <u>HK\$</u> | <u>2020</u> <u>HK\$</u> |
|--|----------------------------|----------------------------|
| Income | | |
| Course and programme fee income | 929,367 | 1,294,740 |
| Donation received | 510,145 | 773,687 |
| Activity income | 7,500 | 39,050 |
| | <u>1,447,012</u> | <u>2,107,477</u> |
| Other income | | |
| Government subsidy employment support scheme | 357,661 | - |
| Interest income | 5 | 315 |
| | <u>1,804,678</u> | <u>2,107,792</u> |
| Administrative expenses | | |
| Auditor's remuneration | 4,000 | 4,000 |
| Activity expense | 42,787 | 73,052 |
| Annual return fee | - | 105 |
| Bank charge | 150 | 150 |
| Donation | 225,000 | 177,500 |
| Insurance | 7,061 | 7,061 |
| Mandatory provident fund contribution | 67,504 | 82,683 |
| Management fee | 8,986 | 25,376 |
| Professional fee | 2,400 | 1,100 |
| Printing and stationery | 9,649 | 1,392 |
| Salaries | 1,399,359 | 1,718,974 |
| Staff affairs | 14,186 | 14,435 |
| Student support | 3,680 | 5,500 |
| Summer activity expenses | - | 17,229 |
| Summer course expenses | - | 39,249 |
| Sundry | 9,888 | 21,080 |
| Total expenses | <u>1,794,650</u> | <u>2,188,886</u> |
| Surplus/(deficit) for the year | <u>10,028</u> | <u>(81,094)</u> |