

AG CHILDREN FOUNDATION LIMITED

思捷兒童基金有限公司

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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歐陽創展會計師事務所有限公司

AYC CPA LIMITED



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**AG CHILDREN FOUNDATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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AG CHILDREN FOUNDATION LIMITED
REPORT OF THE COMMITTEE MEMBERS

The committee members have pleasure in submitting their annual report and the audited financial statements for the year ended 31st December, 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is raising funds to care the children's education and community development.

RESULTS

The results of the Company for the year ended 31st December, 2020 are set out in the income statement on page 6. The state of affairs of the Company as at 31st December, 2020 is set out in the statement of financial position on page 7.

DONATION

During the year, the Company made charitable donation totalling HK\$688,829.

COMMITTEE MEMBERS

The committee members during the year were:

Miss Hsu Yuk King Mercedes

Miss Lee Sum Yue

Appointed on 8 April 2019 and resigned on 12 October 2020

Mr Yik Ming Tak Augustine

Appointed on 12 October 2020

In accordance with Article 20 of the Company's Articles of Association, both remaining committee members who are appointed by ordinary resolution continue in office.

PERMITTED INDEMNITY PROVISION

At no time during the year were there any permitted indemnity provisions in force for the benefit of one or more committee members of the Company.

At the time of approval of this report, there were no permitted indemnity provisions in force for the benefit of one or more committee members of the Company.

AG CHILDREN FOUNDATION LIMITED
REPORT OF THE COMMITTEE MEMBERS - CONT'D

**COMMITTEE MEMBERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS
OR CONTRACTS**

Other than as disclosed in note 9 to the financial statements, no transactions, arrangements or contracts of significance, to which the Company was a party and in which a committee member of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

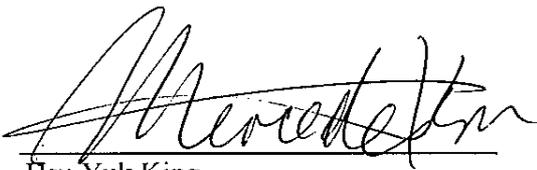
BUSINESS REVIEW

The Company falls within reporting exemption for the year ended 31st December, 2020. Accordingly, the Company is exempted from preparing a business review.

APPROVAL OF REPORT OF THE COMMITTEE MEMBERS

This report was approved by the committee members on 11th November, 2021.

For and on behalf of the Committee



Hsu Yuk King
Mercedes Chairman
Hong Kong,



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**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF
AG CHILDREN FOUNDATION LIMITED**

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of AG Children Foundation Limited (the "Company") set out on pages 6 to 10, which comprise the statement of financial position as at 31st December, 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Company are prepared, in all material respects, in accordance with 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 of Opinion

I conducted my audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard issued by the HKICPA. My responsibilities under those standards are further described in the Responsibilities of Auditor for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The committee members are responsible for the other information. The other information comprises the information included in the Report of the Committee Members set out on pages 1 to 2, but does not include the financial statements and my report of the independent auditor thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



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**REPORT OF THE INDEPENDENT AUDITOR - CONT'D
TO THE MEMBER OF
AG CHILDREN FOUNDATION LIMITED**

Responsibilities of Committee Members and Those Charged with Governance for the Financial Statements

The committee members 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 committee members 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 committee members 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 committee members 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.

Responsibilities of Auditor for the Audit of the Financial Statements

My 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 a report of the independent auditor that includes my opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. I 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 committee members.



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REPORT OF THE INDEPENDENT AUDITOR - CONT'D
TO THE MEMBER OF
AG CHILDREN FOUNDATION LIMITED

Responsibilities of Auditor for the Audit of the Financial Statements - Cont'd

Conclude on the appropriateness of the committee members' 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 I conclude that a material uncertainty exists, I am required to draw attention in my report of the independent auditor to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report of the independent auditor. However, future events or conditions may cause the Company to cease to continue as a going concern.

I 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 I identify during my audit.

A handwritten signature in black ink, appearing to be 'Au Yeung Hon Kit', written over a faint circular stamp or watermark.

AYC CPA LIMITED
Certified Public Accountants
Hong Kong, 11th November, 2021
Au Yeung Hon Kit
Practising Certificate Number: P06005

AG CHILDREN FOUNDATION LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2020

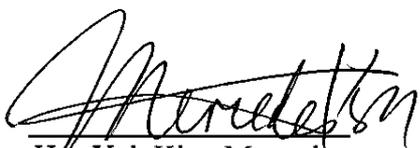
	<u>NOTES</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
Revenue	2		
Donation receipts		<u>2,103,318</u>	<u>46,192</u>
Other income	3		
Bank interest income		2	87
Exchange Gain		<u>10</u>	<u>-</u>
		<u>12</u>	<u>87</u>
Administrative expenses			
Advertising		1,752	1,944
Auditor's remuneration		1,000	1,000
Bank charges		53,488	12,745
Computer expenses		-	38,700
Donation		688,829	3,200
Equipment rentals		2,100	1,500
Mandatory Provident Fund		4,666	-
Office supplies		4,363	-
Salary		396,848	67,369
Sundry expenses		-	105
Telephone and internet expenses		300	500
Training		<u>15,423</u>	<u>-</u>
		<u>1,168,769</u>	<u>127,063</u>
Surplus/ (deficit) before taxation	4	934,561	(80,784)
Income tax expense	5	<u>-</u>	<u>-</u>
Surplus/ (deficit) for the year		<u>934,561</u>	<u>(80,784)</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

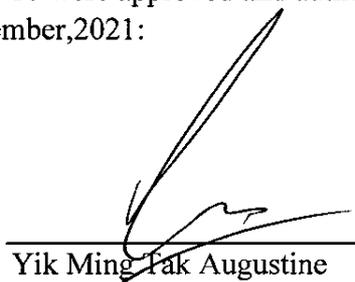
AG CHILDREN FOUNDATION LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2020

	<u>NOTES</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
Current assets			
Prepayment		-	2,100
Cash at a bank		1,282,302	85,536
		<u>1,282,302</u>	<u>87,636</u>
Current liabilities			
Accruals		1,000	42,000
Amount due to committee membe	6	32,369	32,368
Amount due to shareholders	7	301,104	-
		<u>334,473</u>	<u>74,368</u>
Net assets		<u>947,829</u>	<u>13,268</u>
Reserve			
Accumulated surplus	8	<u>947,829</u>	<u>13,268</u>

The financial statements on pages 6 to 10 were approved and authorised for issue by the committee members on 11th November, 2021:



Hsu Yuk King Mercedes
Committee Member



Yik Ming Tak Augustine
Committee Member

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

AG CHILDREN FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

REPORTING ENTITY

The Company is a non-profit making entity incorporated in Hong Kong limited by guarantee and not having a share capital. The liability of the members is limited to HK\$100 per member in the event of the Company being wound up, whilst they remain a member, or within one year after they cease to be a member. The Company's registered office is located at Room 1, 22/F., Malaysia Building, 50 Gloucester Road, Wanchai Hong Kong. The principal activity of the Company is raising funds to care the children's education and community development.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company qualifies for the reporting exemption as a small guarantee company under Section 363 of the Hong Kong Companies Ordinance and 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 Company is a going concern.

The measurement base adopted is the historical cost convention.

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

(a) Revenue recognition

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

- (i) donation receipts are recognised when the donations are received;
- (ii) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest rate applicable.

AG CHILDREN FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CON
FOR THE YEAR ENDED 31ST DECEMBER, 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES - CONT'D

(b) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment of assets. In the event that the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment losses been recognised for the asset in prior years.

2. REVENUE

Revenue represents the amount of donations received during the year.

3. OTHER INCOME

Other income represents interest income accrued on bank deposits during the year.

4. SURPLUS/ (DEFICIT) BEFORE TAXATION

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Surplus/ (deficit) before taxation has been arrived at after charging:		
Committee members' emoluments	-	-
Staff costs (excluding committee members' emoluments)	<u>396,848</u>	<u>67,369</u>

5. INCOME TAX EXPENSE

The Company is exempted from Hong Kong Profits Tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

AG CHILDREN FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CON
FOR THE YEAR ENDED 31ST DECEMBER, 2020

6. AMOUNT DUE TO COMMITTEE MEMBERS

The amount due to committee members are unsecured, interest free and has no fixed terms of repayment

7. AMOUNT DUE TO SHAREHOLDERS

The amount due to shareholder are unsecured, interest free and has no fixed terms of repayment

8. ACCUMULATED SURPLUS

HK\$

At 1st January, 2020	13,268
Surplus for the year	934,561
At 31st December, 2020	<u>947,829</u>

9. RELATED PARTY TRANSACTIONS

The Company's key management personnel are committee members whose remuneration is set out in note 4.

During the year, the Company did not receive any donation receipts (2019: nil) from a related company in which Miss Hsu Yuk King Mercedes has a beneficial interest.

Details of outstanding balance and other arrangements with a related party are set out in the statement of financial position and in note 6.