

CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

(Incorporated In Hong Kong And Limited By Guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2020



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CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER, 2020

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CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

(Incorporated In Hong Kong And Limited By Guarantee)

REPORT OF THE DIRECTORS

The directors submit herewith their report together with the audited financial statements for the year ended 31st December, 2020.

PRINCIPAL ACTIVITY

The principal activity of the Catholic Diocese of Hong Kong Laity Formation Fund Limited ("The Association") for the year ended 31st December, 2020 is to administer the fund for the formation of Catholic Laity.

STATE OF AFFAIRS

The state of affairs of The Association as at 31st December, 2020 is set out in the statement of financial position on page 6 of the financial statements.

RESULTS

The results of the Association for the year ended 31st December, 2020 are set out in the income and expenditure account on page 5 of the financial statements.

DIRECTORS

Following persons were directors of the Association during the year:

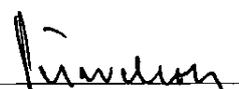
Rev. Fr. Choy Wai Man
Fr. Tsang Hing Mun, John Baptist
Fr. Lau Tak Kwong
Ms. Lee Wing Yan
Mr. Hui Tak Fai

In accordance with clauses 33 and 34 of the Articles of Association, all of the present directors continue in office until expiry of their second-year term.

AUDITORS

The financial statements for the year have been audited by the honorary auditors Messrs. Francis S. L. Yan & Co., Certified Public Accountants, who retire and offer themselves for re-appointment.

On behalf of the Board



Rev. Fr. Choy Wai Man
Director

Date: 31st March, 2021

FRANCIS S. L. YAN & CO.

CERTIFIED PUBLIC ACCOUNTANTS

ROOM 101, 1/F, TAK FUNG BUILDING, 79-81 CONNAUGHT ROAD WEST, HONG KONG.

MAIL ADDRESS: G.P.O. BOX 10781, HONG KONG.

TEL: 2543 4393, 2543 8328, 2542 3368 FAX: 2543 5899 E-mail: tkhsly@netvigator.com

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

(Incorporated In Hong Kong And Limited By Guarantee)

Opinion

We have audited the financial statements of Catholic Diocese Of Hong Kong Laity Formation Fund Limited ("the Association") set out on pages 5 to 9, 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 our opinion, the financial statements of the Association 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 Association 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.

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 Association'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 Association or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

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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 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.

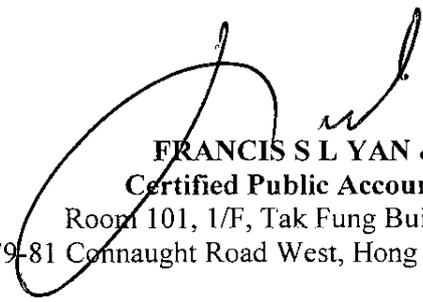
As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Association'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 Association'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 Association to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

(Incorporated In Hong Kong And Limited By Guarantee)

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.



FRANCIS S L YAN & CO
Certified Public Accountants
Room 101, 1/F, Tak Fung Building,
79-81 Connaught Road West, Hong Kong.

Date: 31st March, 2021

CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

(Currency : Hong Kong Dollar)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Income			
Exchange gain		708.84	-
Scholarship paid refund		2,376.00	-
Interest income		3,641.64	6,457.54
Dividend income net of withholding tax and charges		163,121.79	194,836.87
Profit on disposal of investment		-	42,612.93
		<u>169,848.27</u>	<u>243,907.34</u>
Less:			
Expenditure			
Bank charges		60.00	60.00
Loss on disposal of investment		129,539.84	-
Scholarship paid		150,000.00	481,120.00
Sundry expenses		-	2,523.00
Exchange loss		-	73.08
Impairment loss	3	<u>849,624.11</u>	<u>191,549.00</u>
		<u>(1,129,223.95)</u>	<u>675,325.08</u>
Deficit for the year		<u>(959,375.68)</u>	<u>(431,417.74)</u>

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

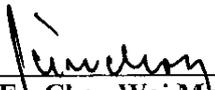
CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

(Currency : Hong Kong Dollar)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets			
Investments	3	7,893,200.50	8,854,942.27
Current assets			
Cash and cash equivalents		<u>29,308.76</u>	<u>26,942.67</u>
		<u>7,922,509.26</u>	<u>8,881,884.94</u>
Financed by:			
Capital fund	4	8,189,810.85	8,189,810.85
General fund (Deficit)	5	<u>(267,301.59)</u>	<u>692,074.09</u>
		<u>7,922,509.26</u>	<u>8,881,884.94</u>

Approved by the board of directors
on 31st March, 2021



Rev. Fr. Choy Wai Man
Director



Mr. Hui Tak Fai
Director

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

CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency : Hong Kong Dollar)

1. GENERAL INFORMATION

The principal activity of Catholic Diocese Of Hong Kong Laity Formation Fund Limited (the "Association") is to administer the fund for the formation of Catholic Laity.

The Association is limited by guarantee, incorporated and domiciled in Hong Kong. The address of its registered office is 12/F., Catholic Diocese Centre, 16 Caine Road, Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) 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 going concern basis.

The measurement base adopted is the historical cost convention.

2.1 Investments

Investments comprise of investments in quoted securities and cash balances which are conducted through the securities account with DBS Vickers Hong Kong Limited and managed by the members of Investment Advisory Committee.

Investment in quoted securities is stated at cost less impairment losses.

2.2 Taxation

Income tax expense represents current tax expenses. The income tax payable represents the amount expected to be paid to the taxation authority, using the tax rates (and tax law) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

3.4 Foreign currency transaction

(a) Functional and Presentation Currency

Items included in the financial statements of the Association are measured using the currency of the primary economic environment in which the Association operates (the functional currency). The financial statements are presented in Hong Kong dollars, which is the Association's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates ruling at the transaction dates. Monetary items denominated in foreign currencies are translated into Hong Kong dollars at the closing rate at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences are dealt with in the Income and Expenditure Account.

CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency : Hong Kong Dollar)

3. INVESTMENTS

During the year, movements of the investment account with DBS Vickers (Hong Kong) Ltd ["DBS"] are as follows:

	<u>2020</u>	<u>2019</u>
(i) <u>Investment in quoted securities</u>		
Cost at the beginning	6,257,470.11	4,541,619.83
Add: Acquisition during the year	582,316.28	2,944,255.86
	<u>6,839,786.39</u>	<u>7,485,875.69</u>
Less: Disposal during the year	(388,210.85)	(1,228,405.58)
Cost at the end	<u>6,451,575.54</u>	<u>6,257,470.11</u>
Impairment losses:		
Balance at the beginning	(922,029.11)	(1,196,903.71)
(Charge) for the year	(849,624.11)	(191,549.00)
Release on disposal	-	466,423.60
Balance at the end	<u>(1,771,653.22)</u>	<u>(922,029.11)</u>
Net carrying value at year end	<u>4,679,922.32</u>	<u>5,335,441.00</u>
(ii) <u>Movement of cash balances</u>		
Balance at the beginning	3,519,501.27	5,939,131.67
Add: Proceeds on disposal	258,671.01	804,594.91
Interest income	3,641.55	6,436.76
Dividend income net of withholding tax and charges	163,121.79	194,836.87
Service charge	(50.00)	(50.00)
Less: Transfer to bank account	(150,000.00)	(481,120.00)
Cost on securities acquisition	(582,316.28)	(2,944,255.86)
Exchange difference	708.84	(73.08)
Balance at the end	<u>3,213,278.18</u>	<u>3,519,501.27</u>
Total per statement of financial position	<u>7,893,200.50</u>	<u>8,854,942.27</u>
Market value of quoted securities at year end	5,037,613.00	5,576,086.00
Cash balances at year end	<u>3,213,278.18</u>	<u>3,519,501.27</u>
Total securities under custody of DBS	<u>8,250,891.18</u>	<u>9,095,587.27</u>

CATHOLIC DIOCESE OF HONG KONG LAITY FORMATION FUND LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(Currency : Hong Kong Dollar)

4. CAPITAL FUND

The capital fund was contributed by the following parties:

	<u>2020</u>	<u>2019</u>
Diocese's 150th Anniversary Celebration	2,960,665.55	2,960,665.55
Cathedral Centennial Celebration	1,266,205.32	1,266,205.32
Directly by the Catholic Diocese of Hong Kong	773,129.13	773,129.13
Donation by Madam Leung	2,000,000.00	2,000,000.00
Donation by Madam Law	200,000.00	200,000.00
Donation by St. Margaret's Church	400,000.00	400,000.00
1997 Walkaton Campaign	572,810.85	572,810.85
Daughters of Charity of the Canossian Institute	10,000.00	10,000.00
Sisters of St. Paul De Chartres	4,000.00	4,000.00
Daughters of Mary Help of Christians	3,000.00	3,000.00
	<u>8,189,810.85</u>	<u>8,189,810.85</u>

5. GENERAL FUND

Balance as at 31st December, 2018	1,123,491.83
Deficit for the year	(431,417.74)
	<u>692,074.09</u>
Balance as at 31st December, 2019	(959,375.68)
Deficit for the year	<u>(267,301.59)</u>
Balance as at 31st December, 2020	<u>(267,301.59)</u>

6. TAXATION

The Association is exempted from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance.

7. DIRECTORS' EMOLUMENTS

No emolument was paid or is payable to directors during the year or at the end of the year (2019: Nil).

8. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on pages 5 to 9 were approved by the Board of Directors on 31st March, 2021 .