

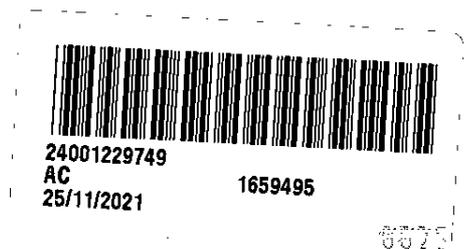
ARCH COMMUNITY OUTREACH LIMITED
*(Incorporated in Hong Kong,
limited by guarantee and not having a share capital)*

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020



AMA CPA LIMITED
Certified Public Accountants
Hong Kong



ARCH COMMUNITY OUTREACH LIMITED

(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

DIRECTORS' REPORT

YEAR ENDED DECEMBER 31, 2020

The directors present their report and the audited financial statements for the year ended December 31, 2020.

Principal activities

The Association is a non-profit making organization and is principally engaged in bringing educational and career development programs to under-resourced communities in an effort to provide students with opportunities and to empower bright young adults.

Results

The results of the Association for the year ended December 31, 2020 are set out in the statement of comprehensive income on page 5.

Directors

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

Ms MA Yin Wai, Jennifer
Ms YU Jennifer Ngar-Wing

In accordance with the provision of the Association's articles of association, all directors shall be elected at the Annual General Meeting for a term of three years and shall then be eligible for re-election.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or existed during the year.

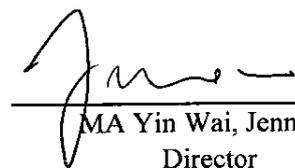
Permitted indemnity provisions

At no time during the year and up to the date of this report was there any permitted indemnity provision in force for the benefit of a director of the Association or an associated company.

Auditor

The financial statements have been audited by AMA CPA Limited, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board


MA Yin Wai, Jennifer
Director

Dated - 9 NOV 2021

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARCH COMMUNITY OUTREACH LIMITED**

(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

Opinion

We have audited the financial statements of Arch Community Outreach Limited ("the Association") set out on pages 4 to 12, which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in members' funds and 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 Association as at December 31, 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 ("HKSA") 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 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 reports and financial statements, 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 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.

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**INDEPENDENT AUDITOR'S REPORT (Cont'd)
TO THE MEMBERS OF
ARCH COMMUNITY OUTREACH LIMITED**

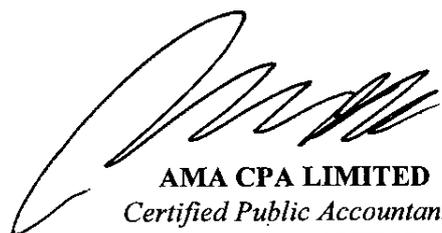
Auditor's responsibilities for the audit of the financial statements

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. Our responsibility is to express an opinion on these financial statements based on our audit and to 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 judgement 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.
- 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.



AMA CPA LIMITED
Certified Public Accountants
CHAN KAM HUNG
Practising Certificate No. P01177

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Hong Kong, - 9 NOV 2021

ARCH COMMUNITY OUTREACH LIMITED*(Incorporated in Hong Kong, limited by guarantee and not having a share capital)***STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2020***(Presented in Hong Kong dollars)*

	Note	2020 HK\$	2019 HK\$
Non-current assets			
Property, plant and equipment	3	--	--
Current assets			
Amounts due from related companies	4	32,600	26,163
Deposits and prepayments		8,798	2,000
Cash and bank balances		664,117	213,759
		<u>705,515</u>	<u>241,922</u>
Current liabilities			
Amounts due to directors	5	17,638	17,638
Amount due to a related company	6	391,607	--
Accrued expenses and other payables		73,300	73,138
		<u>482,545</u>	<u>90,776</u>
<i>Net current assets</i>		<u>222,970</u>	<u>151,146</u>
<i>Net assets</i>		<u>222,970</u>	<u>151,146</u>
<i>Financed by :-</i>			
Members' funds			
Accumulated surpluses		<u>222,970</u>	<u>151,146</u>

Approved and authorized for issue by the Board of Directors on

- 9 NOV 2021 and signed on its behalf by :

MA Yin Wai, Jennifer
Director

YU Jennifer Ngar-Wing
Director

See accompanying notes

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ARCH COMMUNITY OUTREACH LIMITED*(Incorporated in Hong Kong, limited by guarantee and not having a share capital)***STATEMENT OF COMPREHENSIVE INCOME****YEAR ENDED DECEMBER 31, 2020***(Presented in Hong Kong dollars)*

	2020	2019
	HK\$	HK\$
Revenue		
Donations	590,000	935,608
Registration fee income	--	92,400
Ticket income	18,573	40,192
Government subsidy	108,000	--
Bank interest income	--	10
	<u>716,573</u>	<u>1,068,210</u>
Program expenses		
Advertising	(3,368)	(16,166)
Consultancy fees	(4,000)	(214,656)
Insurance	(1,001)	(7,020)
Messing	(1,452)	(31,008)
Miscellaneous	--	(1,054)
Postage	(80)	(1,009)
Printing and stationery	(2,665)	(13,648)
Prize	--	(15,380)
Registration fees	(1,180)	(18,613)
Venue cost and hotel accommodation	--	(209,865)
Travelling	(2,104)	(20,548)
	<u>(15,850)</u>	<u>(548,967)</u>
Administrative expenses		
Auditor's remuneration		
Fee	(11,800)	(11,200)
Under-provision for prior year	(1,200)	--
	<u>(13,000)</u>	<u>(11,200)</u>
Bank charges	(1,516)	(3,216)
Depreciation	--	(2,446)
Insurance	(5,486)	(3,452)
Mandatory provident fund	(33,219)	(19,928)
Miscellaneous	(1,503)	(2,330)
Professional fees	(6,300)	(6,300)
Salaries and allowances	(567,875)	(473,039)
	<u>(628,899)</u>	<u>(521,911)</u>
Surplus/(Deficit) for the year attributable to members, transferred to Members' Funds	<u>71,824</u>	<u>(2,668)</u>

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See accompanying notes

ARCH COMMUNITY OUTREACH LIMITED

(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

STATEMENT OF CHANGES IN MEMBERS' FUNDS

YEAR ENDED DECEMBER 31, 2020

(Presented in Hong Kong dollars)

	<i>Accumulated surpluses</i>
	<u>HK\$</u>
Balance at December 31, 2018	153,814
Deficit for the year	<u>(2,668)</u>
Balance at December 31, 2019	151,146
Surplus for the year	<u>71,824</u>
Balance at December 31, 2020	<u><u>222,970</u></u>

ARCH COMMUNITY OUTREACH LIMITED*(Incorporated in Hong Kong, limited by guarantee and not having a share capital)***STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2020***(Presented in Hong Kong dollars)*

	2020	2019
	HK\$	HK\$
Net cash inflow/(outflow) from operating activities (see note below)	<u>450,358</u>	<u>(45,200)</u>
Cash from investing activities		
Bank interest income	<u>--</u>	<u>10</u>
<i>Net cash from investing activities</i>	<u>--</u>	<u>10</u>
Net increase/(decrease) in cash and cash equivalents	450,358	(45,190)
Cash and cash equivalents at beginning of the year	<u>213,759</u>	<u>258,949</u>
Cash and cash equivalents at end of the year	<u><u>664,117</u></u>	<u><u>213,759</u></u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u><u>664,117</u></u>	<u><u>213,759</u></u>

NOTE TO THE STATEMENT OF CASH FLOWS**Reconciliation of surplus/(deficit) to net cash inflow/(outflow) from operating activities :**

Surplus/(Deficit) for the year	71,824	(2,668)
Adjustments for :		
Depreciation	--	2,446
Bank interest income	<u>--</u>	<u>(10)</u>
<i>Operating surplus/(deficit) before working capital changes</i>	71,824	(232)
Increase in amounts due from related companies	(6,437)	(26,163)
(Increase)/Decrease in deposits and prepayments	(6,798)	67,671
Increase in amount due to a related company	391,607	--
Decrease in registration fees received in advance	--	(88,400)
Increase in accrued expenses and other payables	<u>162</u>	<u>1,924</u>
Net cash inflow/(outflow) from operating activities	<u><u>450,358</u></u>	<u><u>(45,200)</u></u>

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ARCH COMMUNITY OUTREACH LIMITED

(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(Presented in Hong Kong dollars)

1. General information

The Association is incorporated in Hong Kong as a guarantee company and not having a share capital. Every member undertakes to contribute to the assets of the Association in the event of its being wound up while he/she is a member, or within one year after he/she ceased to be a member, for payment of the debts and liabilities of the Association contracted before he/she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding the sum of Hong Kong dollars one hundred (HK\$100.00).

Pursuant to clause 3 of the Association's Articles of Association, the number of member with which the Association proposes to be registered is not more than one hundred. At end of the year, the number of members of the Association was 2 (2019 : 2).

The Association's registered address is situated at Unit 202-5, 2/F., Wilson House, 19-27 Wyndham Street, Central, Hong Kong.

2. Significant accounting policies

The Association qualifies for the reporting exemption as a small guarantee company under section 359 (1) (a) of the Hong Kong Companies Ordinance to prepare its directors' report and financial statements.

The Association's 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 Hong Kong Companies Ordinance. Significant accounting policies adopted by the Association in preparing the financial statements are set out below.

a) Basis of preparation of the financial statements

The financial statements are prepared under the historical cost convention as modified where appropriate by revaluation of financial assets and financial liabilities at fair value.

b) Foreign currency transactions

The reporting currency of the Association is Hong Kong dollar, which is the currency of the primary economic environment in which the Association operates.

Foreign currency transactions are translated during the year at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange gains or losses arising on the retranslation of monetary items are included in the surplus or deficit.

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ARCH COMMUNITY OUTREACH LIMITED

(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED DECEMBER 31, 2020

2. Significant accounting policies (Cont'd)

c) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided on straight-line method on the cost of property, plant and equipment and is calculated at the following rate per annum based on their respective estimated useful lives:

Computer equipment	33-1/3%
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d) Trade and other receivables

Trade and other receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment loss, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less provision for impairment loss. A provision for impairment of trade and other receivables is established when there is objective evidence that the Association will not be able to collect the amounts due according to the original terms of the receivables.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and other short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

f) Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Association and the amount of the revenue can be measured reliably.

- i) Donation income is recognized upon receipt of the donation money.
- ii) Registration fee income is recognized upon completion of registration.
- iii) Ticket income is recognised upon completion of the relevant event or program.
- iv) Interest income is recognized on an accrual basis that takes into account the effective yield on the assets.
- v) Government subsidy is recognized on a systematic basis over the periods in which the Association recognises as expenses the related costs for which the subsidy is intended to compensate.

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ARCH COMMUNITY OUTREACH LIMITED

(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED DECEMBER 31, 2020

2. Significant accounting policies (Cont'd)

g) Retirement benefit scheme contributions

Contributions to the mandatory provident fund scheme are accounted for in the surplus or deficit on an accrual basis.

h) Related parties

A party is considered to be related to the Association if :

- (a) A person or a close member of that person's family is related to the Association if that person :
 - (i) is a member of the key management personnel of the Association or of a parent of the Association;
 - (ii) has control or joint control over the Association; or
 - (iii) has significant influence over the Association.
- (b) An entity is related to the Association if any of the following conditions applies :
 - (i) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third entity.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.
 - (viii) a person identified in (a)(ii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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ARCH COMMUNITY OUTREACH LIMITED*(Incorporated in Hong Kong, limited by guarantee and not having a share capital)***NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****YEAR ENDED DECEMBER 31, 2020****3. Property, plant and equipment**

	<i>Computer equipment</i>
	<u>HK\$</u>
Cost	
At beginning and end of the year	<u>8,000</u>
Accumulated depreciation	
At beginning and end of the year	<u>8,000</u>
Net book value	
At beginning and end of the year	<u><u> --</u></u>

4. Amounts due from related companies

These accounts are related to the directors. They are unsecured, interest free and have no fixed terms of repayment.

5. Amounts due to directors

These accounts are unsecured, interest free and have no fixed terms of repayment.

6. Amount due to a related company

This amount is unsecured, interest free and has no fixed terms of repayment.

7. Directors' remuneration

	2020	2019
	HK\$	HK\$
Directors' remuneration disclosed pursuant to section 383 of the Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) for the year	<u> --</u>	<u> --</u>

8. Income tax expense

No provision for Hong Kong Profits Tax has been made as the Association is exempted from tax under Section 88 of the Inland Revenue Ordinance.

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ARCH COMMUNITY OUTREACH LIMITED*(Incorporated in Hong Kong, limited by guarantee and not having a share capital)***NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****YEAR ENDED DECEMBER 31, 2020****9. Retirement benefit schemes**

The Association has arranged for its employees to participate in the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee of the MPF Scheme. Under the MPF Scheme, the Association and each of its qualified employees make monthly contributions to the Scheme at 5% of the employee's earnings (subject to a cap of HK\$1,500 per month), contributions over and the above which are voluntary. Contributions are charged to the surplus or deficit as they become payable in accordance with the rules of the MPF Scheme.

10. Government subsidy

The HKSAR Government had launched the "Employment Support Scheme" (ESS) under the second round of the "Anti-epidemic Fund" to provide time-limited financial support to employers to retain employees who might otherwise be made redundant. The wage subsidies provided to eligible employers under ESS were disbursed in two tranches during the year. Employers participating in ESS were required to undertake and warrant that they would not implement redundancies during the subsidy period and would spend all the wage subsidies on paying wages to their employees.

The amount of wage subsidies was calculated based on 50% of the actual wages paid to each employee in the specified month, with a wage cap at HK\$18,000 per month. The maximum wage subsidy per employee was HK\$9,000 per month.

11. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Association's accounting policies, which are described in note 2 above, management has made various estimates and judgements (other than those involving estimates) based on past experience, expectations of the future and other information. There are no key source of estimation uncertainty and critical accounting judgements that can significantly affect the amounts recognized in the financial statements of the Association.

12. Related party transactions

In addition to those disclosed elsewhere in these financial statements, the Association had the following material transactions with its related companies or parties during the year :

	2020	2019
	HK\$	HK\$
Donation income from a company related to the directors	500,000	700,000
Payments of the Association's expenses by a company related to the directors	436,343	14,028
Receipt of the Association's income by a company related to the directors	18,573	40,192
Recharge of staff salaries to a company related to a director	147,000	--
Key management personnel compensation	--	--
	<u> </u>	<u> </u>

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At end of the year, the Association also had certain account balances with its related companies or parties as stated in the preceding notes 4, 5 and 6.