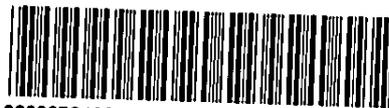


**CHICKENSOUP FOUNDATION LIMITED**  
**心靈雞湯慈善基金會有限公司**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**



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# ChickenSoup Foundation Limited

心靈雞湯慈善基金會有限公司

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## Corporate Data

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<b>Directors</b>	Man Ho Wai, Edward Tang Chun Fai Billy
<b>Secretary</b>	Chu Kin Men
<b>Registered office and principal place of business</b>	15/F Soundwill Plaza II – Midtown, 1-29 Tang Lung Street, Causeway Bay, Hong Kong
<b>Independent auditor</b>	Moore Stephens CPA Limited 801-806 Silvercord, Tower 1 30 Canton Road Tsimshatsui, Kowloon Hong Kong

## **Report of the Directors**

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The directors submit herewith their annual report together with the audited financial statements of ChickenSoup Foundation Limited (the "Company") for the year ended 31 March 2021.

### ***Principal activities***

The Company was engaged in the provision of the critical needs of underprivileged people residing in Hong Kong during the year.

There has been no significant change in these activities compared with the previous year.

### ***Results and appropriations***

The financial performance of the Company for the year ended 31 March 2021 and its financial position as at that date are set out in the financial statements on pages 8 to 18.

### ***Business review***

The Company falls within the reporting exemption under Section 359 of the Hong Kong Companies Ordinance, Cap. 622 during the year. The preparation of business review is exempted under Section 388 of the Hong Kong Companies Ordinance, Cap. 622. The disclosures of arrangements to purchase shares or debentures and directors' material interests in transactions, arrangements or contracts are not applicable under Companies (Directors' Report) Regulation, Cap. 622D.

### ***Directors***

The names of the directors during the year and up to the date of this report are set out on page 2.

### ***Rotation of directors***

In accordance with the Company's Articles of Association, the directors shall continue to hold office for the ensuing year.

### ***Permitted indemnity provision***

During the financial year and up to the date of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Company.

### ***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.

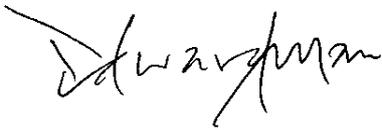
**Report of the Directors (Continued)**

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*Independent auditor*

The independent auditor, Moore Stephens CPA Limited, retires and a resolution of its re-appointment will be proposed at the forthcoming annual general meeting.

*On behalf of the directors*



**Man Ho Wai, Edward**  
*Director*

Hong Kong, 26 November 2021

## Independent Auditor's Report to the Members of ChickenSoup Foundation Limited 心靈雞湯慈善基金會有限公司 (Incorporated in Hong Kong and limited by guarantee)

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### **Opinion**

We have audited the financial statements of ChickenSoup Foundation Limited (the "Company") set out on pages 8 to 18, which comprise the statement of financial position as at 31 March 2021, 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 Company 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 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. 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 report of the directors, 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.

## **Independent Auditor's Report to the Members of ChickenSoup Foundation Limited**

**心靈雞湯慈善基金會有限公司**

**(Incorporated in Hong Kong and limited by guarantee)  
(Continued)**

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### ***Responsibilities of Directors for the Financial Statements***

The directors are responsible for the preparation of the financial statements in accordance with 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 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.

### ***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 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 HKSAAs 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 HKSAAs, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## **Independent Auditor's Report to the Members of ChickenSoup Foundation Limited**

**心靈雞湯慈善基金會有限公司**

**(Incorporated in Hong Kong and limited by guarantee)  
(Continued)**

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### ***Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

- 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 the directors 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.



**Moore Stephens CPA Limited**  
*Certified Public Accountants*

**Hung, Wan Fong Joanne**  
Practising Certificate Number: P05419

Hong Kong, 26 November 2021

**ChickenSoup Foundation Limited**  
**心靈雞湯慈善基金會有限公司**

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**Income Statement**

For the year ended 31 March 2021

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	Notes	2021 HK\$	2020 HK\$
Donation income	3	7,974,078	7,710,025
Other income	3	344,007	71,780
Cost of services	4	(7,046,224)	(4,598,403)
Administrative expenses		(1,460,660)	(2,011,347)
Finance costs	5	(3,048)	(1,370)
<b>(Deficits)/surplus for the year</b>	6	<b>(191,847)</b>	<b>1,170,685</b>

# ChickenSoup Foundation Limited

心靈雞湯慈善基金會有限公司

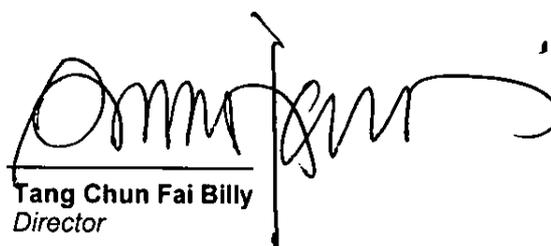
## Statement of Financial Position

At 31 March 2020

	Notes	2021 HK\$	2020 HK\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	64,144	69,849
Intangible assets	10	724,512	810,000
		<u>788,656</u>	<u>879,849</u>
<b>Current assets</b>			
Prepayment and other receivables		57,081	9,621
Rental deposit		60,220	-
Cash and cash equivalents		7,407,697	7,600,798
		<u>7,524,998</u>	<u>7,610,419</u>
<b>Current liabilities</b>			
Accruals and other payables	11	714,359	380,733
Amount due to a director	12	-	2,832
Deferred income	13	416,347	731,908
		<u>1,130,706</u>	<u>1,115,473</u>
<b>Net current assets</b>		<u>6,394,292</u>	<u>6,494,946</u>
<b>NET ASSETS</b>		<u>7,182,948</u>	<u>7,374,795</u>
<b>Represented by:</b>			
<b>Accumulated surplus</b>	14	<u>7,182,948</u>	<u>7,374,795</u>



Man Ho Wai, Edward  
Director



Tang Chun Fai Billy  
Director

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**Notes to the Financial Statements**

For the year ended 31 March 2021

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**1. Reporting entity**

The Company is incorporated in Hong Kong as a company limited by guarantee and has no share capital. The Company's registered office is 15/F Soundwill Plaza II – Midtown, 1-29 Tang Lung Street, Causeway Bay, Hong Kong.

The Company is engaged in the provision of the critical needs of underprivileged people residing in Hong Kong during the year.

**2. Basis of preparation and accounting policies**

The Company qualifies for the reporting exemption as a small private 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 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) Property, plant and equipment**

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

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Office equipment	30%
Furniture and fixture	30%

**(b) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses and are amortised on a systematic basis over their estimated useful lives of 3 to 10 years using the straight-line method.

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**Notes to the Financial Statements**

For the year ended 31 March 2021

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**2. Basis of preparation and accounting policies (continued)**

*(c) Impairment of non-financial 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, including terms of property, plant and equipment and intangible assets. In the event that an asset's carrying amount 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 estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

*(d) Donation receivables*

Donation receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

*(e) Other payables*

Other payables are recognised initially at fair value and subsequently measured at amortised cost unless the effect of discounting would be immaterial, in which they are stated at cost.

*(f) Employee benefits*

The Company operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the "MPF scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' relevant income and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered trust fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Obligations for contributions to defined contribution retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as expense in the income statement as incurred.

*(g) 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) Designated fundraising income*

Designated fundraising income is recognised in the income statement on a systematic basis when there is reasonable assurance that they will be received and that the Company will comply with the conditions, if any, attached to them.

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**Notes to the Financial Statements (Continued)**

For the year ended 31 March 2021

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**2. Summary of significant accounting policies (continued)**

*(g) Revenue recognition (continued)*

*(ii) General fundraising income*

General fundraising income is recognised when the Company becomes entitled to the donation and its probable that they will be received, which is generally upon the receipt of cash.

*(iii) Bank interest income*

Bank interest income is recognised on a time proportion basis by reference to the principal outstanding and the interest rate applicable.

*(h) Leases*

Leases that transfer substantially all the rewards and risks of ownership of assets to the company are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

*(i) Foreign currency translation*

The 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 are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

*(j) Government grants*

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

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**Notes to the Financial Statements (Continued)**

For the year ended 31 March 2021

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**2. Summary of significant accounting policies (continued)**

*(k) Related parties*

(a) A person, or a close member of that person's family, is related to the company if that person:

- (i) has control or joint control of the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of key management personnel of the Company or the Company's parent.

or

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group;
- (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) The entity and the Company are joint ventures of the same third party;
- (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 controlled or jointly controlled by a person identified in (a).
- (vi) A person identified in (a)(i) 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); and
- (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.
- (viii) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of that person or that person's spouse or domestic partner.

# ChickenSoup Foundation Limited

心靈雞湯慈善基金會有限公司

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 3. Donation and other income

An analysis of the Company's revenue and other income are as follows:

	2021 HK\$	2020 HK\$
<b>Donation income</b>		
Designated fundraising income	7,394,464	3,320,953
General fundraising income	579,614	4,389,072
	<u>7,974,078</u>	<u>7,710,025</u>
<b>Other income</b>		
Bank interest income	135	5,614
Net exchange gain	16,872	-
Government grants (Note)	327,000	-
Sundry income	-	66,166
	<u>344,007</u>	<u>71,780</u>

Note:

Government grants of HK\$163,500 and HK\$163,500 have been received in June 2020 and September 2020 respectively in respect of subsidy for staff costs. According to the Employment Support Scheme ("ESS"), which was launched by The Government of the Hong Kong Special Administrative Region, which aims to provide time-limited financial support by two tranches to the Company for the periods from June to August 2020 and from September to November 2020 respectively to retain employees who may otherwise redundant. The amount had been recognised as deferred income and was amortised and credited to other income on a systemic basis when the related staff costs incurred by satisfying obligation and conditions of the ESS.

### 4. Cost of services

	2021 HK\$	2020 HK\$
Project cost	7,024,538	4,323,276
General expenses for charities	43,987	235,946
Scholarships	-	39,181
	<u>7,068,525</u>	<u>4,598,403</u>

### 5. Finance costs

	2021 HK\$	2020 HK\$
Bank charges	3,048	1,370

**Notes to the Financial Statements (Continued)**

For the year ended 31 March 2021

**6. (Deficits)/surplus for the year**

(Deficits)/surplus for the year is stated after charging the followings:

	<b>2021</b>	2020
	<b>HK\$</b>	HK\$
Auditor's remuneration	-	-
Depreciation and amortisation	<b>125,710</b>	99,980
Loss on written off of property, plant and equipment	-	2,523
Minimum lease payment under operating lease charge for property	<b>381,080</b>	240,000
Staff costs (Note)		
- Salaries and allowances	<b>3,584,797</b>	2,210,581
- Mandatory provident fund	<b>140,513</b>	82,390
Net exchange (gain)/loss	<b>(16,872)</b>	3,719

Note: staff costs are included in cost of services and administrative expenses are HK\$2,989,305 and HK\$736,005, respectively (2020: HK\$884,210 and HK\$1,408,761).

**7. Directors' remuneration**

Directors' emoluments disclosed in accordance with Section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation for the year ended 31 March 2021 is Nil (2020: Nil).

**8. Taxation**

No provision for taxation is required in these financial statements as the Company is exempted from taxation pursuant to section 88 of the Inland Revenue Ordinance (2020: Nil).

# ChickenSoup Foundation Limited

心靈雞湯慈善基金會有限公司

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 9. Property, plant and equipment

	Office equipment HK\$	Furniture and Fixtures HK\$	Total HK\$
<b>Cost</b>			
At 1 April 2020	106,911	-	106,911
Additions	18,586	9,485	28,071
<b>At 31 March 2021</b>	<b>125,497</b>	<b>9,485</b>	<b>134,982</b>
<b>Accumulated depreciation</b>			
At 1 April 2020	37,062	-	37,062
Charge for the year	31,015	2,761	33,776
<b>At 31 March 2021</b>	<b>68,077</b>	<b>2,761</b>	<b>70,838</b>
<b>Net carrying amount</b>			
<b>At 31 March 2021</b>	<b>57,420</b>	<b>6,724</b>	<b>64,144</b>
At 31 March 2020	69,849	-	69,849

### 10. Intangible assets

	Computer software HK\$
<b>Cost</b>	
At 1 April 2020	900,000
Additions	6,445
<b>At 31 March 2021</b>	<b>906,445</b>
<b>Accumulated amortisation</b>	
At 1 April 2020	90,000
Charge for the year	91,934
<b>At 31 March 2021</b>	<b>181,934</b>
<b>Net carrying amount</b>	
<b>At 31 March 2021</b>	<b>724,511</b>
At 31 March 2020	810,000

# ChickenSoup Foundation Limited

心靈雞湯慈善基金會有限公司

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 11. Accruals and other payables

	2021 HK\$	2020 HK\$
Accrued expenses	16,594	-
Project costs payables	306,072	380,733
Other payable	391,693	-
	<u>714,359</u>	<u>380,733</u>

### 12. Amount due to a director

The amount was unsecured, interest-free and repayable on demand.

### 13. Deferred income

The amount represented for donation received in advance.

### 14. Accumulated surplus

	2021 HK\$	2020 HK\$
At 1 April	7,374,795	6,204,110
Deficits/(surplus) for the year	<u>(191,847)</u>	<u>1,170,685</u>
At 31 March	<u>7,182,948</u>	<u>7,374,795</u>

**Notes to the Financial Statements (Continued)**

For the year ended 31 March 2021

**15. Related party transactions**

During the year, the Company had the following material transaction with a related company:

	2021 HK\$	2020 HK\$
<b>ELG Associates Limited</b>		
- Office administration fee	420	-
- Rental expense	200,000	240,000
- Cost of service - office service fee	-	128,918
	<u>-</u>	<u>128,918</u>

Notes:

- (a) The above related party transactions were conducted on mutually agreed terms in the ordinary course of the Company's operation.
- (b) The sole director of the related company, ELG Associates Limited, who was also a director of the Company.

**16. Commitments under operating leases**

The company had the following total future minimum lease payments payable under non-cancellable operating leases:

	2021 HK\$	2020 HK\$
Not later than one year	<u>210,770</u>	<u>-</u>

**17. Approval and issue of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 26 November 2021.

# ChickenSoup Foundation Limited

心靈雞湯慈善基金會有限公司

## Expenditures

For the year ended 31 March 2021

(Appendix I)

	(For management purposes only)	
	2021 HK\$	2020 HK\$
<b>Administrative expenses</b>		
Accountancy fee	-	1,916
Cleaning fee	15,823	-
Depreciation and amortisation	125,710	99,980
Insurance	54,136	25,050
License fee	30,504	-
Local travelling expenses	9,011	9,206
Loss on written-off of property, plant and equipment	-	2,523
Mandatory provident fund	36,465	59,140
Miscellaneous expense	6,065	12,082
Net exchange loss	-	3,719
Office administration fee	19,130	82,394
Printing and stationery	6,655	11,352
Postage and courier	1,753	615
Recruitment	50,166	42,162
Rental expense	381,080	240,000
Salaries and wages	699,541	1,349,621
Staff welfare	16,448	61,469
Telephone, fax and internet	8,173	10,118
	<b>1,460,660</b>	<b>2,011,347</b>