

**CHARACTER EDUCATION FOUNDATION LIMITED**

**品格教育協會有限公司**

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2019**

**黃龍德會計師事務所有限公司**

香港執業會計師、英國特許會計師

**PATRICK WONG C.P.A. LIMITED**

*Certified Public Accountants (Practising), Hong Kong Chartered Accountants*



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(EXPRESSED IN HONG KONG DOLLARS)

**CHARACTER EDUCATION FOUNDATION LIMITED**  
**品格教育協會有限公司**  
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

**DIRECTORS' REPORT**

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2019.

***PRINCIPAL ACTIVITY***

Character Education Foundation Limited (the "Foundation") is a non-profit making organisation engaged in raising the awareness of the importance of character development and to improve moral values amongst children, parents, teachers, and schools of Hong Kong.

***DIRECTORS***

The directors of the Foundation during the financial year were as follows:-

LAU KEVIN CHUNG HANG  
LAU MA CHRISTINE LO MING  
MA ANDREA LO LING  
MAK CONSTANCE KAHUNG  
MAK VIRGINIA

All directors retire in accordance with the Foundation's Articles of Association but, being eligible, offer themselves for re-election.

***PERMITTED INDEMNITY PROVISION***

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Foundation is currently in force and was in force throughout the year.

***BUSINESS REVIEW***

The Foundation falls within reporting exemption for the financial year. Accordingly, the Foundation is exempted from preparing a business review.

***AUDITOR***

Patrick Wong C.P.A. Limited, Chartered Accountants, Certified Public Accountants (Practising) was appointed as the auditor of the Foundation, who retire and being eligible, offer themselves for re-appointment.

FOR AND ON BEHALF OF THE BOARD



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LAU MA Christine Lo Ming  
Chairperson

Hong Kong, 11 August 2020

# 黃龍德會計師事務所有限公司<sup>2</sup>

香港執業會計師、英國特許會計師

## PATRICK WONG C.P.A. LIMITED

Certified Public Accountants (Practising), Hong Kong Chartered Accountants

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黃龍德會計師

### 董事 Directors

黃龍德執業資深會計師  
銅紫荊星章、太平紳士  
劉旭明執業資深會計師

黃俊碩執業資深會計師

曾卓鋒執業資深會計師

**PATRICK WONG, PhD, BBS, JP**  
FCPA(Practising), FCA, FCCA, FAIA, MSCA, FCIS, FCS, CTA(HK), FTIHK, FHKIoD

**LAU YUK MING, HAROLD**  
FCPA(Practising), MSCA

**WONG CHUN SEK, EDMUND**  
FCPA(Practising), ACA, ACCA, FCIS, FCS, CGP, MSCA, FTIHK, BComm(Hons), MSc, MCG, MBA

**TSANG CHEUK FUNG, ANDY**  
FCPA(Practising), MSCA, BBA(Hons), BEng(Hons)

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電話 Tel : 3187 8216 電郵 E-mail : edmundwong@pwcpa.com.hk

電話 Tel : 3187 8250 電郵 E-mail : andytsang@pwcpa.com.hk

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARACTER EDUCATION FOUNDATION LIMITED 品格教育協會有限公司

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

#### Opinion

We have audited the financial statements of **Character Education Foundation Limited** (the "Foundation") set out on pages 4 to 8, which comprise the statement of financial position as at 31 December 2019, and the income statement for the year ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Foundation 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 PN900 (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 Foundation 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.

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

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

(to be continued, P.T.O.)

聯營公司：  
Associated:

龍德商務顧問有限公司  
LT Business Consultants Limited

江門市龍德諮詢服務有限公司  
Jiangmen Longde Consultants Limited

澳門齊林梁鄂有限公司  
Macau Wong Lam Leung & Kwok Limited



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
**CHARACTER EDUCATION FOUNDATION LIMITED**  
品格教育協會有限公司  
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)  
(CONTINUED)

**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 the Hong Kong Companies Ordinance, and for no other purposes. 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 Foundation'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 Foundation'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 Foundation 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.

**PATRICK WONG C.P.A. LIMITED**  
黃龍德會計師事務所有限公司  
*Certified Public Accountants*



曾卓鋒, 香港執業資深會計師  
**TSANG CHEUK FUNG ANDY**  
FCPA (Practising), MSCA  
Certified Public Accountant (Practising), Hong Kong  
Practising Certificate Number: P06369

Hong Kong, 11 August 2020

Ref: C906/A/PW/AT/1077/1582/486

**CHARACTER EDUCATION FOUNDATION LIMITED**  
**品格教育協會有限公司**  
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

INCOME STATEMENT  
YEAR ENDED 31 DECEMBER 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Revenue</b>		
Donation income	18,000	553,500
Activities income	12,500	29,775
	30,500	583,275
<b>Other revenue</b>		
Bank interest income	1,773	651
Sundry income	45	1,050
	1,818	1,701
	-----	-----
	32,318	584,976
<b>Expenditure</b>		
Auditors' remuneration	10,000	10,000
Activities expense	326,643	361,402
Bank charges	794	925
Consultancy fee	-	70,046
Doantion	5,000	-
Insurance	4,552	2,171
Legal and professional fee	2,050	4,360
MPF	48,630	24,417
Postage, stamps, printing and stationary	3,789	35,143
Secretarial fee	3,760	-
Staff salaries	551,617	507,023
Sundry expenses	11,619	1,873
Telephone and internet charge	882	5,284
Transportation	741	31
	970,077	1,022,675
<b>Finance cost</b>		
Bank overdraft interest	-	11
	(970,077)	(1,022,686)
	-----	-----
<b>Deficit for the year</b>	(937,759)	(437,710)
	=====	=====

The notes on pages 6 to 8 form an integral part of these financial statements.

Independent Auditor's Report – Pages 2 and 3

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**CHARACTER EDUCATION FOUNDATION LIMITED**  
**品格教育協會有限公司**  
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STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
<b>Current asset</b>			
Bank balance		1,070,273	2,012,011
<b>Current liabilities</b>			
Accrued expense		15,163	31,142
Deposit received		12,000	-
		27,163	31,142
<b>Net current assets</b>		1,043,110	1,980,869
<b>Member's fund</b>			
Accumulated surplus	5	1,043,110	1,980,869

APPROVED BY :-



LAU Kevin Chung Hang  
Director



LAU MA Christine Lo Ming  
Director

**CHARACTER EDUCATION FOUNDATION LIMITED**  
**品格教育協會有限公司**  
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NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2019

**1. GENERAL INFORMATION**

Character Education Foundation Limited (the “Foundation”) was incorporated under the Hong Kong Companies Ordinance as a company limited by guarantee and not having a share capital. The liability of the member is limited and member of the Foundation undertakes to contribute to the assets of the Foundation in the event of its being wound up to the extent of not exceeding \$100. The address of its registered office is 4/F-5/F., China Hong Kong Tower, 8-12 Hennessy Road, Wan Chai, Hong Kong.

The Foundation is a non-profit making organisation engaged in raising the awareness of the importance of character development and to improve moral values amongst children, parents, teachers, and schools of Hong Kong.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The Foundation qualifies for reporting exemption as a small guarantee Company under sections 359(1)(a) and 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 a going concern basis.

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) Impairment of assets

An assessment is made at each reporting date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. 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 the 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.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (b) Related parties

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

- (i) is a member of the key management personnel of the Foundation or of a parent of the Foundation;
- (ii) has control over the Foundation; or
- (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

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

- (i) the entity is controlled or jointly controlled by a person identified in (i);
- (ii) a person identified in (a)(i) has significant voting power in the entity.

### (c) Borrowing costs

All other borrowing costs are charged to the income statement in the period in which they are incurred. Borrowing costs are recognised as an expense in the period in which they are incurred.

### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the Foundation and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognised as follows:-

- i) Donation income is recognised when no significant uncertainty as to its collectability exists.
- ii) Interest income is recognized using the effective interest method.

## 3. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the financial statements as the Foundation has obtained exemption status under Section 88 of the Inland Revenue Ordinance for taxation purposes.

## 4. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation year is nil (2018:nil).

**5. CHANGES IN MEMBER'S FUND**

	Accumulated <u>surplus</u> \$
Balance at 01/01/2019	1,980,869
Deficit for the year	(937,759)
	-----
Balance at 31/12/2019	<u><u>1,043,110</u></u>

**6. MATERIAL RELATED PARTY TRANSACTIONS**

There were no significant related party transactions undertaken by the Foundation or the key management personnel of the Foundation during the year and previous year.

**7. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Foundation's Board of Directors on 11 August 2020.