



REPORTS AND FINANCIAL STATEMENTS

CLEAN THE WORLD ASIA, LIMITED

YEAR ENDED 31 DECEMBER 2020



盧子葵會計師事務所
T. K. LO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG



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REPORTS AND FINANCIAL STATEMENTS

CLEAN THE WORLD ASIA, LIMITED

YEAR ENDED 31 DECEMBER 2020

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CLEAN THE WORLD ASIA, LIMITED

BOARD MEMBERS' REPORT

The Board have pleasure in presenting this report together with audited financial statements for the year ended 31 December 2020.

Principal Activity

The principal activities of the Association are distribution of soap and hygiene products to the impoverished people and promotion of environmental protection events. The Association has ceased the activities of collection and recycling the soap and hygiene products since January 2020. The results and state of affairs for the year are set out in income and financial position statements respectively.

During the year, no contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or in force.

Board Members

During the year and up to the date of this report, the Board Members of the Association were:

Mr. Seipler Shawn Maurice

Mr. Riddle II Terry Neal (Appointed on 28 April 2020)

Mr. O'Quinn Michael Allen (Deceased on 31 January 2020)

No permitted indemnity provisions were in force for the benefit of any Board Members of the Association or of its associated party at any time during the year and up to the date of this report.

Auditor

The financial statements have been audited by T. K. Lo & Company who will offer themselves for the re-appointment at the forthcoming annual general meeting of the Association.

On behalf of the Board



Mr. Seipler Shawn Maurice
Board Member

Hong Kong

30 JUL 2021



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLEAN THE WORLD ASIA, LIMITED

(incorporated in Hong Kong with limited liability by guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Clean The World Asia, Limited (Association) set out on pages 4 to 11 which comprise financial position statement as at 31 December 2020, income statement for the year then ended, accounting policies and notes to the financial statements.

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 (HKSMEFRS) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and have been properly prepared in compliance with the Hong Kong Companies Ordinance (HKCO).

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (HKSA) and with reference to Practice Note 900 "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 Responsibilities of Auditor section of our report. We are independent of the Association and have fulfilled our ethical responsibilities in accordance with the HKICPA's Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Going Concern

We draw attention to Note 9 in the financial statements which describes the existence of a material uncertainty that may cast significant doubt on the Association's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Board Members' Report

The Board Members are responsible for preparation and approval of the Board Members' report. Our opinion on the financial statements does not cover this report 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 this report and consider whether there is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we conclude that there is a material misstatement of this report based on the work we have performed, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board Members and Those Charged with Governance

The Board Members are responsible for preparation of the financial statements in accordance with HKSMEFRS issued by the HKICPA and in compliance with the HKCO, and for maintaining internal control necessary to enable the financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board Members are responsible for assessing the Association's ability to continue as a going concern, disclosing any matters related to going concern and using the going concern basis of accounting unless the Board Members have intention to cease the Association's 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 (Continued)

Responsibilities of Auditor

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 solely to you as a body an auditor's report of our opinion 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 HKSA will always detect a material misstatement or misconduct when it exists. Misstatements or misconducts can arise from fraud or error and are considered material if they individually or in the aggregate 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 HKSA, 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, the reasonableness of accounting estimates and the related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board Members' use of the going concern basis of accounting and 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.

We communicate with the Board Members and those charged with governance regarding the planned scope and timing of the audit, findings and deficiencies in internal control that we identify during our audit.

T. K. LO & COMPANY

Certified Public Accountants

Hong Kong

30 JUL 2021

CLEAN THE WORLD ASIA, LIMITED

INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

	<u>Notes</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
Revenue	2	539,535	1,460,566
Staff costs	3	(159,868)	(554,007)
Other operating expenses		(231,476)	(578,546)
Surplus before tax		148,191	328,013
Income tax	4	–	–
Surplus for the year		148,191	328,013

CLEAN THE WORLD ASIA, LIMITED

FINANCIAL POSITION STATEMENT

AT 31 DECEMBER 2020

	<u>Notes</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
ASSETS			
Non-current assets			
Plant and equipment	5	—	—
Current assets			
Trade and other receivables		2,200	153,588
Cash and cash equivalents		279,137	466,808
		<u>281,337</u>	<u>620,396</u>
Total assets		<u><u>281,337</u></u>	<u><u>620,396</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated deficits	8	(1,341,329)	(1,489,520)
		<u>(1,341,329)</u>	<u>(1,489,520)</u>
Current liabilities			
Related party payables	7	1,534,604	1,975,202
Received in advance		—	42,206
Trade and other payables		88,062	92,508
		<u>1,622,666</u>	<u>2,109,916</u>
Total equity and liabilities		<u><u>281,337</u></u>	<u><u>620,396</u></u>

Approved by the Board on **30 JUL 2021**



 Mr. Seipler Shawn Maurice



 Mr. Riddle II Terry Neal

CLEAN THE WORLD ASIA, LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 2020

A. Statement of Compliance

The Association qualifies for the reporting exemption as a small guarantee company under sections 359(1)(a) of the HKCO and is therefore entitled to prepare and present these financial statements in accordance with the HKSMEFRS issued by the HKICPA. The financial statements have been prepared under historical cost convention, accrual and going concern bases.

The following abbreviations are used in the financial statements.

HKCO	Hong Kong Companies Ordinance (Cap. 622)
HKICPA	Hong Kong Institute of Certified Public Accountants
HKSMEFRS	Hong Kong Small and Medium-sized Entity Financial Reporting Standard

B. Revenue

Revenue are recognised as below:

- i) Donation income is recognised when the Association becomes entitled to the funds and it is probable that they will be received, generally upon the receipt of cash.
- ii) Service income is recognised by reference to the stage of completion of the duties.
- ii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

C. Related Parties

Two parties are considered to be related if one party has the ability, directly or indirectly through one or more intermediaries, to control the other party or exercise significant influence over the other party in making financial and operating decisions or has joint control over the other party. Parties are also considered to be related if they are business partners, in cohabitation relationship, close family members, including spouse, children and dependants, or subject to common control. Board Members of the Association are considered to be key management personnel and related parties.

D. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. The depreciable amount of an item of plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The estimated useful lives used for depreciation are as follows:

Office equipment	4 years
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If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

CLEAN THE WORLD ASIA, LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 2020

E. Trade Receivables

Trade receivables are stated at estimated realizable value after each debt has been considered individually, including aging and financial status of debtor. Where the payment of a debt becomes doubtful, including credit-impaired and expected credit losses, impairment is made and charged to the income statement.

F. Inventories

Inventories are measured at the lower of cost and net realizable value. As the inventories are of gift-in-kind from the participating institutions, the cost is at zero value.

G. Cash and Cash Equivalents

Cash equivalents represent short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

H. Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the lessee, are accounted for as finance leases. All other leases are classified as operating 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.

Rental income/expense under operating leases is credited / charged to the income statement on a straight line basis over the lease term.

I. Borrowings

Borrowings are classified as current liabilities, if they are repayable within one year or subject to a repayment on demand clause. Borrowing costs are recognised as expenses in the year in which they are incurred.

J. Taxation

The Association is exempted from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance (Cap. 112).

K. Foreign Currency Translation

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into the reporting currency, 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.

CLÈAN THE WORLD ASIA, LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 2020

L. Impairment of Assets

An assessment is made at end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets, trade receivables and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and impairment is recognised in the income statement. A previously recognised impairment 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 been recognised for the asset in prior years.

M. Provisions and Contingent Liabilities

Provision is recognised when the Association has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, whose amount can be reliably estimated.

Contingent liability/asset is a possible obligation/asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Association. Contingent liability also includes a present obligation that arises from past events, but either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Neither contingent liability nor contingent asset is recognised in the financial statements.

CLÉAN THE WORLD ASIA, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. General

The Association is a company limited by guarantee incorporated in Hong Kong.

The Association's registered office is located at Room A, 12/F, Tak Cheung Building, No.22-24 Wing Lok Street, Hong Kong. On 6 June 2020, it moved to office B, 5/F., Unionway Commercial Centre, No. 283 Queen's Road Central, Hong Kong.

2. Revenue

An analysis of the Association's revenue is as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Program service income	536,675	1,449,370
Donation and sponsorship	2,360	8,030
Bank interest	5	99
Foreign exchange gains, net	-	366
Other income	495	2,701
	<u>539,535</u>	<u>1,460,566</u>

3. Staff Costs

	<u>2020</u> HK\$	<u>2019</u> HK\$
Board Members' emoluments		
- Fees	-	-
- Other emoluments	-	-
	<u>-</u>	<u>-</u>
Other staff costs	159,868	554,007
	<u>159,868</u>	<u>554,007</u>

4. Income Tax

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

There are no tax liability for other jurisdictions during the year.

CLÈAN THE WORLD ASIA, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

5. Plant and Equipment

	Office Equipment HK\$
Cost	
At beginning	18,888
Additions	-
At end	<u>18,888</u>
Depreciation and Impairment	
At beginning	18,888
Depreciation for the year	-
At end	<u>18,888</u>
Carrying Amount	
At end	<u>-</u>
At beginning	<u>-</u>

6. Inventories

	<u>2020</u> HK\$	<u>2019</u> HK\$
Recyclable and recycled soap	-	-
	<u>-</u>	<u>-</u>

7. Related Party Disclosures

	Payables	
	<u>2020</u> HK\$	<u>2019</u> HK\$
Related companies	<u>1,534,604</u>	<u>1,975,202</u>

The above amounts are unsecured, non-interest bearing, without fixed repayment terms and will be settled by cash. No guarantees have been given by the Association in respect of the repayment of these outstanding amounts.

CLÉAN THE WORLD ASIA, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

8. Accumulated Deficits

	HK\$
At beginning	(1,489,520)
Surplus for the year	148,191
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At end	(1,341,329)
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9. Going Concern Basis

The financial statements have been prepared on a going concern basis notwithstanding the capital deficiency amounting to HK\$1,341,329 (2019: HK\$1,489,520) sustained by the Association at the end of the reporting period because the related party has agreed to provide adequate funds for the Association to meet its liabilities as they fall due.