

ACT PLUS EDUCATION FOUNDATION LIMITED
樂言社教育基金有限公司

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020



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ACT PLUS EDUCATION FOUNDATION LIMITED
樂言社教育基金有限公司

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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ACT PLUS EDUCATION FOUNDATION LIMITED

樂言社教育基金有限公司

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of Act Plus Education Foundation Limited (the "Company") for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are animation production, provision of computer graphics and animation courses and provision of co-working sharing spaces.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 March 2020 are set out in the statement of comprehensive income on page 6.

PLANT AND EQUIPMENT

Movements in plant and equipment during the year ended 31 March 2020 are set out in note 8 to the financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Choi Yuen Wan
Chu Ki Kwan
Chung Suk Ching
Fan Wai Man, Mark
Ngai Shu Chiu
Yu Cheuk Lun, Desmond
Yung Tse Kwong, Steven

In accordance with Article 20 of the Company's Articles of Association, all directors shall hold the office for an unlimited period time.

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business 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.

ACT PLUS EDUCATION FOUNDATION LIMITED

樂言社教育基金有限公司

REPORT OF THE DIRECTORS

(Continued)

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this report of directors, was or is there any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

AUDITORS

The financial statements have been audited by SHINEWING (HK) CPA Limited, who retire, and being eligible, offer themselves for re-appointment as auditor of the Company in the forthcoming annual general meeting.

On behalf of the Board



Chu Ki Kwan
Chairman

Hong Kong
30 November 2020

INDEPENDENT AUDITOR'S REPORT



SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF ACT PLUS EDUCATION FOUNDATION LIMITED
樂言社教育基金有限公司
(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Act Plus Education Foundation Limited (the "Company") set out on pages 6 to 20, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in surplus 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 Company as at 31 March 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 (the "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 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 of the Company 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.



SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

Responsibilities of Directors of the Company for the Financial Statements

The directors of the Company 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 in compliance with the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company 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 solely to you, in accordance with section 405 of the Hong Kong Companies Ordinance and our agreed terms of engagement, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

INDEPENDENT AUDITOR'S REPORT



SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the Company's 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 those who are responsible for overseeing the Company's financial reporting process 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.

A handwritten signature in black ink, appearing to read 'Shane', followed by a long horizontal line and a stylized flourish.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practising Certificate Number: P06623

Hong Kong
30 November 2020

ACT PLUS EDUCATION FOUNDATION LIMITED
樂言社教育基金有限公司

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	<u>NOTES</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
Revenue			
Production income	4	825,700	2,770,100
Government grants	5	1,037,011	3,107,941
Donation income		5,037,315	3,268,719
Bank interest income		2,784	3,038
Training and workshop income	4	399,480	917,191
Other income		1,502	-
Membership fee income	4	369,225	-
		<u>7,673,017</u>	<u>10,066,989</u>
Administrative expenses		<u>(8,166,595)</u>	<u>(10,965,792)</u>
Deficit before tax		(493,578)	(898,803)
Income tax	6	<u>-</u>	<u>-</u>
Deficit for the year	7	<u>(493,578)</u>	<u>(898,803)</u>

ACT PLUS EDUCATION FOUNDATION LIMITED

樂言社教育基金有限公司

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	<u>NOTES</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
Non-current asset			
Plant and equipment	8	<u>1,466,823</u>	<u>496,131</u>
Current assets			
Trade and other receivables	9	509,238	1,730,240
Bank balances and cash		<u>2,434,712</u>	<u>2,679,017</u>
		<u>2,943,950</u>	<u>4,409,257</u>
Current liabilities			
Accrued expenses		167,276	199,121
Advances from directors	10	1,950,000	1,630,000
Other borrowing	11	-	1,300,000
Deposit received		103,000	-
Deferred income	12	<u>415,789</u>	<u>82,682</u>
		<u>2,636,065</u>	<u>3,211,803</u>
Net current assets		<u>307,885</u>	<u>1,197,454</u>
Total assets less current liabilities		<u>1,774,708</u>	<u>1,693,585</u>
Non-current liability			
Deferred income	12	<u>587,384</u>	<u>12,683</u>
Net assets		<u>1,187,324</u>	<u>1,680,902</u>
Represented by:			
Accumulated surplus		<u>1,187,324</u>	<u>1,680,902</u>

The financial statements on pages 6 to 20 were approved and authorised for issue by the board of directors of the Company on 30 November 2020 and are signed on its behalf by:



Chu Ki Kwan
Director



Choi Yuen Wan
Director

ACT PLUS EDUCATION FOUNDATION LIMITED
樂言社教育基金有限公司

STATEMENT OF CHANGES IN SURPLUS

FOR THE YEAR ENDED 31 MARCH 2020

	<u>Accumulated surplus</u> HK\$
At 1 April 2018	2,579,705
Deficit for the year	<u>(898,803)</u>
At 31 March 2019	1,680,902
Deficit for the year	<u>(493,578)</u>
At 31 March 2020	<u>1,187,324</u>

ACT PLUS EDUCATION FOUNDATION LIMITED

樂言社教育基金有限公司

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	<u>2020</u> HK\$	<u>2019</u> HK\$
OPERATING ACTIVITIES		
Deficit before tax	(493,578)	(898,803)
Adjustments for:		
Government grants	(1,037,011)	(3,107,941)
Bank interest income	(2,784)	(3,038)
Loss on disposal of plant and equipment	5,420	6,582
Depreciation of plant and equipment	544,123	350,985
Operating cash flows before movements in working capital	(983,830)	(3,652,215)
Decrease/(Increase) in trade and other receivables	1,221,002	(1,528,840)
(Decrease)/Increase in accrued expenses	(31,845)	145,513
Increase in deposit received	103,000	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	<u>308,327</u>	<u>(5,035,542)</u>
INVESTING ACTIVITIES		
Bank interest received	2,784	3,038
Proceeds from disposal of plant and equipment	-	600
Purchase of plant and equipment	(1,520,235)	(270,190)
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,517,451)</u>	<u>(266,552)</u>
FINANCING ACTIVITIES		
Government grants received	1,944,819	2,991,564
Advances from/(Repayment to) directors	320,000	(278,990)
Other borrowing repaid	(1,300,000)	-
NET CASH FROM FINANCING ACTIVITIES	<u>964,819</u>	<u>2,712,574</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(244,305)	(2,589,520)
CASH AND CASH EQUIVALENTS THE BEGINNING OF THE YEAR	<u>2,679,017</u>	<u>5,268,537</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	<u>2,434,712</u>	<u>2,679,017</u>

ACT PLUS EDUCATION FOUNDATION LIMITED
樂言社教育基金有限公司

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL

Act Plus Education Foundation Limited (the “Company”) is a company incorporated in Hong Kong and limited by guarantee.

The addresses of the registered office and principal place of business of the Company changed from Unit 1, 17/F, Block D, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong to Unit 1, 26/F, Block B, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong with effective from 12 June 2019.

The Company’s principal activities are animation production and provision of computer graphics and animation courses and provision of co-working sharing spaces.

The financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared 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 (the “HKICPA”) and in compliance with the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Revenue recognition

- (i) Production income is recognised when services are rendered.
- (ii) Donations are recognised on an actual basis.
- (iii) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.
- (iv) Training and workshop income is recognised when courses are provided.
- (v) Membership fee income is recognised when services of providing co-working sharing spaces are rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the “MPF Scheme”) are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment

Plant and equipment are stated in the statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of plant and equipment over their useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate amounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Cash and cash equivalents

Cash in the statement of financial position comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash, as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Company's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of ranged from 14 to 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

ACT PLUS EDUCATION FOUNDATION LIMITED
樂言社教育基金有限公司

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets (Continued)

The carrying amount of the financial asset is reduced through the use of allowance accounts. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or deposit is considered uncollectible, it is written off against the respective allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities including accrued expenses, advances from directors and other borrowing are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable.

A financial liability is derecognised when, and only when, the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the financial statement. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings is the key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation and useful lives of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives and residual values involve management's estimation based on the Company's business model, its asset management policy, the industry practice and expected usage of each category of plant and equipment. The directors of the Company assess the useful lives of the plant and equipment annually and if the expectation differs from the original estimates, such differences may impact the depreciation in the year and the estimates will be changed in the future period. As at 31 March 2020, the carrying amount of plant and equipment was HK\$1,466,823 (2019: HK\$496,131).

ACT PLUS EDUCATION FOUNDATION LIMITED
樂言社教育基金有限公司

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

4. REVENUE

Revenue represents the net amounts received and receivable for services rendered by the Company to customers.

5. GOVERNMENT GRANTS

	<u>2020</u> HK\$	<u>2019</u> HK\$
Government subsidies*	725,600	2,991,564
Amortisation of deferred income (note 12)	<u>311,411</u>	<u>116,377</u>
	<u>1,037,011</u>	<u>3,107,941</u>

* These subsidies are provided to the Company to finance its operation and there were no unfulfilled conditions.

6. INCOME TAX

On 8 November 2016, the Company is approved as a charitable organisation and exempted from Hong Kong profits tax by virtue of Section 88 of the Hong Kong Inland Revenue Ordinance.

7. DEFICIT FOR THE YEAR

Deficit for the year has been arrived at after charging:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Directors' remuneration (note)	-	-
Other staff costs		
- salaries and allowances	5,643,196	5,039,861
- retirement benefits scheme contributions	<u>262,143</u>	<u>242,577</u>
Total staff costs	<u>5,905,339</u>	<u>5,282,438</u>
Depreciation of plant and equipment	544,123	350,985
Loss on disposal of plant and equipment	5,420	6,582
Operating lease payments in respect of office premises	<u>649,442</u>	<u>357,600</u>

Note: No emolument was paid to the directors of the Company for the years ended 31 March 2020 and 2019.

ACT PLUS EDUCATION FOUNDATION LIMITED
樂言社教育基金有限公司

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

8. PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Computer equipment	Total
	HK\$	HK\$	HK\$	HK\$
COST				
At 1 April 2018	4,800	78,883	755,990	839,673
Additions	-	64,817	205,373	270,190
Disposals	-	(800)	(8,230)	(9,030)
At 31 March 2019 and 1 April 2019	4,800	142,900	953,133	1,100,833
Additions	434,819	363,586	721,830	1,520,235
Disposals/written off	(4,800)	(11,670)	-	(16,470)
At 31 March 2020	434,819	494,816	1,674,963	2,604,598
ACCUMULATED DEPRECIATION				
At 1 April 2018	2,533	14,248	238,784	255,565
Provided for the year	1,600	42,031	307,354	350,985
Written back on disposals	-	(422)	(1,426)	(1,848)
At 31 March 2019 and 1 April 2019	4,133	55,857	544,712	604,702
Provided for the year	82,708	95,097	366,318	544,123
Written back on disposals/written off	(4,400)	(6,650)	-	(11,050)
At 31 March 2020	82,441	144,304	911,030	1,137,775
CARRYING VALUES				
At 31 March 2020	352,378	350,512	763,933	1,466,823
At 31 March 2019	667	87,043	408,421	496,131

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the shorter of the term of the lease or 3 years
Furniture and fixtures	33.33%
Computer equipment	33.33%

ACT PLUS EDUCATION FOUNDATION LIMITED
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9. TRADE AND OTHER RECEIVABLES

	<u>2020</u> HK\$	<u>2019</u> HK\$
Debtors	332,701	92,950
Deposits	176,537	147,366
Other receivables	-	1,489,924
	<u>509,238</u>	<u>1,730,240</u>

- (i) The Company does not hold any collateral over these balances.
- (ii) The credit period of debtors is generally between 14 to 30 days. The Company seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management
- (iii) The other receivables for the year ended 31 March 2019 represented loan receivables from the Entrepreneurship Matching Fund (“EMF”) project, government grant receivables from the EMF and Innovative Youth Development Projects (“IYDP”) projects, and donation receivable from HSBC upon the completion of projects. No impairment loss was recognised for the year ended 31 March 2020 (2019: Nil).

10. ADVANCES FROM DIRECTORS

The amounts are unsecured, non-interest bearing and repayable on demand.

11. OTHER BORROWING

	<u>2020</u> HK\$	<u>2019</u> HK\$
Short-term borrowing	-	1,300,000

The amount is unsecured, non-interest bearing and repayable within one year.

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12. DEFERRED INCOME

During the year ended 31 March 2020, government subsidies of HK\$1,219,219 was received (2019: Nil) for capital expenditure which has been treated as deferred income and are transferred to income over the useful lives of the relevant assets commencing when the relevant asset is available for use. These policies have been resulted in a credit to income in the current year of HK\$311,411 (2019: HK\$116,377). As at 31 March 2020, an amount of HK\$1,003,173 (2019: HK\$95,365) remains to be amortised.

	<u>2020</u> HK\$	<u>2019</u> HK\$
At 1 April	95,365	211,742
Grants received	1,219,219	-
Amortisation for the year	<u>(311,411)</u>	<u>(116,377)</u>
At 31 March	1,003,173	95,365
Less: Amount classified as current liability	<u>(415,789)</u>	<u>(82,682)</u>
Non-current portion	<u>587,384</u>	<u>12,683</u>

13. OPERATING LEASE COMMITMENT

The Company as lessee

The Company leases its office premise under operating lease arrangements. Lease is negotiated for a term of three years with fixed rental.

At the end of the reporting period, the Company had commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Within one year	861,600	59,600
In the second to fifth years, inclusive	<u>289,600</u>	<u>-</u>
	<u>1,151,200</u>	<u>59,600</u>

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14. RELATED PARTY TRANSACTIONS

- (a) In addition to the balances disclosed elsewhere in these financial statements, the Company entered into the following significant transactions with related parties during the year:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Production income		
Fun Maker Limited (note (i))	52,000	-
Donation income		
Monogram Products (H.K.) Limited (note (ii))	1,735,605	500,000
Directors	<u>55,000</u>	<u>72,100</u>

Notes:

- (i) The production income received from a related company, Fun Maker Limited, in which a director of the Company has beneficial interest, was determined at rates mutually agreed by the parties.
- (ii) The donation received from a related company, Monogram Products (H.K.) Limited, in which a director of the Company has beneficial interest.
- (b) Compensation of key management personnel

No remuneration was paid to key management personnel during both reporting periods.