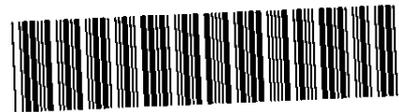


**CHARITABLE HEART FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

**COUNCILLORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2020**



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**CHARITABLE HEART FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

REPORT OF THE COUNCILLORS

The councillors submit their report together with the audited financial statements of Charitable Heart Foundation Limited ("the Company") for the year ended 31st December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to serve people who are suffering from emotional stress and personal and family life's off balance and those families and children who want to have a better relationship.

RESULTS

The results of the Company for the year ended 31st December 2020 are set out in the income statement on page 6 of the financial statements.

PROPERTIES, PLANT AND EQUIPMENT

Details of the movements in properties, plant and equipment of the Company are shown in Note 7 to the financial statements.

COUNCILLORS

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

LEE, Wai Yee Annie
CHU, Kwai Heung
SHAM, Si Man Steve
CHAN, Wing Yu Winnie
WONG, Yin Hei

In accordance with Article 36 of the Company's Articles of Association, all councillors retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

COUNCILLORS' INTERESTS

Except for the related party transactions as disclosed in Note 11 of the financial statements, no other contracts of significance in relation to the Company's business to which the Company was a party and in which a councillor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangements to enable the councillors of the Company to acquire benefits by means of admission of membership in the Company or any other body corporate.

PERMITTED INDEMNITY PROVISIONS

At any time during the year and up to the date of this report, there were no permitted indemnity provisions in force for the benefit of any of the councillors 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.

BUSINESS REVIEW

The Company qualifies for reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622), therefore it is exempted from including a business review in this report.

AUDITORS

The financial statements have been audited by Vincent Kwok & Co. who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



LEE, Wai Yee Annie
Chairman

HONG KONG, - 8 NOV 2021



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電話：二五五三一三八二八
傳真：二五五三一九一二八

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CHARITABLE HEART FOUNDATION LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

We have audited the financial statements of Charitable Heart Foundation Limited set out on pages 6 to 13, which comprise the statement of financial position as at 31st December 2020, and the income statement and statement of changes in fund 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 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 Auditors' 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the financial statements, which indicates that the Company incurred a net deficit of HK\$177,103 for the year ended 31st December 2020 and, as of that date, the Company had net current liabilities of HK\$54,220. As stated in Note 2(a), these events or conditions, along with other matters as set forth in Note 2(a), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The councillors are responsible for the other information. The other information comprises the information included in the councillors' report and detailed income statement, other than the financial statements and our auditors' 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 Councillors and Those Charged with Governance for the Financial Statements

The councillors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the councillors 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 councillors 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 councillors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. 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 scepticism 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the councillors.
- Conclude on the appropriateness of the councillors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company 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.

Vincent Kwok & Co.

Vincent Kwok & Co.

Certified Public Accountants

HONG KONG, - 8 NOV 2021

CHARITABLE HEART FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Note	2020 HK\$	2019 HK\$
REVENUE	3	319,263	419,595
OTHER INCOME	3	1	67
DEPRECIATION		(69,583)	(69,583)
STAFF COST		(50,162)	(70,560)
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(376,622)	(359,609)
		(496,366)	(499,685)
DEFICIT FOR THE YEAR	4	(177,103)	(80,090)
ACCUMULATED SURPLUS BROUGHT FORWARD		2,419,122	2,499,212
ACCUMULATED SURPLUS CARRIED FORWARD		2,242,019	2,419,122

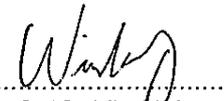
CHARITABLE HEART FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2020

	Note	2020 HK\$	2019 HK\$
NON-CURRENT ASSETS			
Properties, plant and equipment	7	2,296,239	2,365,822
CURRENT ASSETS			
Rental and other deposits		58,700	58,700
Amount due from a councillor	8	-	3,822
Bank balances		50,325	101,301
		109,025	163,823
CURRENT LIABILITIES			
Amount due to a councillor	9	58,918	-
Accruals		104,327	110,523
		163,245	110,523
NET CURRENT (LIABILITIES)/ ASSETS		(54,220)	53,300
NET ASSETS		2,242,019	2,419,122
FINANCED BY			
FOUNDATION FUND			
ACCUMULATED SURPLUS		2,242,019	2,419,122

The financial statements on pages 6 to 13 were approved and authorised for issue by the Board of Councillors on - 8 NOV 2021 and were signed on its behalf by:


.....
LEE, Wai Yee Annie
Councillor


.....
WONG, Yin Hei
Councillor

CHARITABLE HEART FOUNDATION LIMITED
(LIMITED BY GUARANTEE).

STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Foundation fund HK\$
At 1st January 2019	2,499,212
Deficit for the year	(80,090)
At 31st December 2019	<u>2,419,122</u>
Deficit for the year	(177,103)
At 31st December 2020	<u><u>2,242,019</u></u>

CHARITABLE HEART FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Charitable Heart Foundation Limited is a non-profit making company incorporated in Hong Kong which is limited by guarantee and not having share capital. The Company's registered office is located at Room 602, 6th Floor, Elite Industrial Centre, No.883 Cheung Sha Wan Road, Kowloon, Hong Kong.

The principal activities of the Company are to serve people who are suffering from emotional stress and personal and family life's off balance and those families and children who want to have a better relationship.

The financial statements are presented in Hong Kong Dollars, which is the same as the functional currency of the Company.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

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 in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon the success of the Company's future operations and the continued availability of adequate finance in view of the fact that as at 31st December 2020, the Company had net current liabilities of HK\$54,220. The councillors consider the Company is able to continue its operations to realise its assets and discharge its liabilities in the normal course of business.

The measurement basis adopted is the historical cost convention.

(b) 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 basis:

- (i) donation income is recognised when received and receivable; and
- (ii) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

(c) Properties, plant and equipment

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

The depreciable amounts of items of properties, plant and equipment are allocated on a systematic basis over their estimated useful lives using the straight line method. The principal annual rates used for depreciation are as follows:

Leasehold land and building	50 years or over the unexpired lease term whichever is shorter
Office equipment	25%
Furniture and fixtures	25%

A full year's charge for depreciation is made in the year of acquisition, while no charge is made in the year of disposal.

Capital expenditure items each costing not more than HK\$1,000 are written off against the income statement in the year of acquisition.

(d) Related parties

A party is considered to be related if the Company and/ or the party are subjected to common control or significant influence. Related parties may be individuals or other entities.

(e) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight line basis over the lease term.

3 REVENUE AND OTHER INCOME

The principal activities of the Company are to serve people who are suffering from emotional stress and personal and family life's off balance and those families and children who want to have a better relationship. Total amounts of revenue and other income recognised during the year are as follows:

	2020 HK\$	2019 HK\$
Revenue		
Donation income	319,263	419,595
	<u> </u>	<u> </u>
Other income		
Bank interest income	1	67
	<u> </u>	<u> </u>
Revenue and other income	319,264	419,662
	<u> </u>	<u> </u>

4 DEFICIT FOR THE YEAR

	2020 HK\$	2019 HK\$
Deficit for the year is stated after charging the following:		
Auditors' remuneration	5,000	4,800
Depreciation	69,583	69,583
Office premises rent under an operating lease	273,600	267,200
Staff cost		
Salaries and wages	50,162	70,560
	<u> </u>	<u> </u>

5 INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Company is exempted from Hong Kong profits tax under section 88 of the Hong Kong Inland Revenue Ordinance (2019: Same).

6 COUNCILLORS' EMOLUMENTS

Councillors' remuneration disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) for the year is HK\$Nil (2019: HK\$Nil).

7 PROPERTIES, PLANT AND EQUIPMENT

	Leasehold land and building HK\$	Office equipment HK\$	Furniture and fixtures HK\$	Total HK\$
Cost				
At 1st January 2020 and at 31st December 2020	3,479,150	70,391	461,971	4,011,512
Accumulated depreciation				
At 1st January 2020	1,113,328	70,391	461,971	1,645,690
Charge for the year	69,583	-	-	69,583
At 31st December 2020	1,182,911	70,391	461,971	1,715,273
Net book value				
At 31st December 2020	2,296,239	-	-	2,296,239
At 31st December 2019	2,365,822	-	-	2,365,822

The leasehold land and building are situated in Hong Kong on land held under long term lease.

8 AMOUNT DUE FROM A COUNCILLOR

Disclosures pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance (Cap. 622) are as follows:

Name of councillor	2020 HK\$	2019 HK\$	Maximum amount outstanding during the year HK\$
LEE, Wai Yee Annie	-	3,822	3,822

The amount due from a councillor was unsecured, interest free and fully repaid during the year.

9 AMOUNT DUE TO A COUNCILLOR

The amount due to a councillor is unsecured, interest free and repayable on demand.

10 STATUS OF COMPANY

The Company is a non-profit making company incorporated in Hong Kong which is limited by guarantee and not having share capital. Under the provision of the Company's Memorandum of Association, every member, whilst he/ she is a member, or within one year after he/ she ceased to be a member shall, in the event of the Company being wound up, contribute such amount as may be required to meet the liabilities of the Company, but not exceeding HK\$100.

11 RELATED PARTY TRANSACTIONS

During the year, the Company undertook the following transactions with related parties in the normal course of its business:

	2020 HK\$	2019 HK\$
Donation income from councillors	127,111	213,220
	=====	=====

The donations from councillors were at discretion of the councillors of the Company.

12 LEASING ARRANGEMENTS

The Company is a lessee under an operating lease. Details of the Company's commitments under the non-cancellable operating lease are set out as follows:

The Company leases its office premises under an operating lease.

During the year, HK\$273,600 (2019: HK\$267,200) was recognised as an expense in the income statement in respect of the leasing of the office premises.

The total future minimum lease payments under the non-cancellable operating lease are payable as follows:

	2020 HK\$	2019 HK\$
Within one year	182,400	273,600
After one year but within five years	-	182,400
	-----	-----
	182,400	456,000
	=====	=====

13 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Councillors on - 8 NOV 2021

CHARITABLE HEART FOUNDATION LIMITED

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED
31ST DECEMBER 2020**

**This statement does not
form part of the Audited Financial Statements**

The detailed income statement relating to the year ended 31st December 2020 included in the audited financial statements is not the Company's statutory annual financial statements for that year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

As the Company is a non-profit making company with limited by guarantee, the Company is required to deliver its financial statements to the Registrar of Companies, and has done so.

The Company's auditors have reported on those financial statements. The auditors' report was unqualified; included a reference to the material uncertainty that might cast significant doubt about the Company's ability to continue as a going concern which the auditors drew attention by way of emphasis without qualifying their report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

CHARITABLE HEART FOUNDATION LIMITED
(LIMITED BY GUARANTEE)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2020

(For management information purposes only)

	2020 HK\$	2019 HK\$
Revenue		
Donation income	319,263	419,595
	<u> </u>	<u> </u>
Other income		
Bank interest income	1	67
	<u> </u>	<u> </u>
	<u>319,264</u>	<u>419,662</u>
Expenses		
Depreciation	69,583	69,583
Staff cost		
Salaries and wages	50,162	70,560
Administrative and other operating expenses		
Accounting fee	5,000	4,800
Auditors' remuneration	5,000	4,800
Bank charges	1,890	1,305
Building management fee	28,200	24,200
Company secretarial fee	2,300	2,300
Entertainment	-	498
Government rent and rates	14,851	13,673
Insurance	721	720
Local travelling	20,400	20,400
Office premises rent under an operating lease	273,600	267,200
Office supplies	14,264	3,626
Stamp duty	-	687
Sundry expenses	695	905
Telephone and internet	7,872	6,314
Utilities	1,829	8,181
	<u> </u>	<u> </u>
	<u>496,367</u>	<u>499,752</u>
Deficit for the year	<u>(177,103)</u>	<u>(80,090)</u>