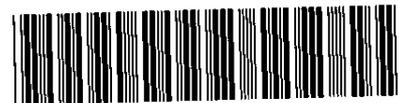


K FOR KIDS FOUNDATION LIMITED
(Incorporated in Hong Kong with limited by guarantee)

Reports and Financial Statements
For the year ended 31 December 2020



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**K FOR KIDS FOUNDATION LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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1

K FOR KIDS FOUNDATION LIMITED DIRECTORS' REPORT

The directors present their report together with the audited financial statements of K for Kids Foundation Limited (the "Association") for the year ended 31 December 2020.

1. PRINCIPAL ACTIVITY

The Association's principal activity is a non-profit making clansmen association providing education guidance to help children information to members of the Association.

2. LIABILITY OF MEMBERS

The Association is a non-profit making incorporated under the Hong Kong Companies Ordinance with limited by guarantee and, accordingly, has no issued share capital. Every member of the Association undertakes to contribute to the assets of the Association, to the extent of the amount guaranteed, in the event of the same being wound up during the time that he or she is a member or within one year afterwards for payment of the debts and liabilities of the Association contracted. In the event of winding up, each member is liable to contribute to the Association of amount not more than HK\$200.

3. SURPLUS AND APPROPRIATIONS

The surplus of the Association for the year ended 31 December 2020 are set out in the income and expenditure account on page 7.

In accordance with the Committee's Memorandum of Association, no dividend can be paid to members.

4. DIRECTORS

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

Dong Kaye
Dong Choi Chi Alex

As there is no provision in the Association's Articles of Association for the retirement of directors by rotation, both directors continue in office.

5. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or existed during the year.

**K FOR KIDS FOUNDATION LIMITED
DIRECTORS' REPORT**

6. BUSINESS REVIEW

The Association falls within the requirements of reporting exemption, accordingly the Association is exempted from preparing a business review.

7. AUDITOR

A resolution to re-appoint the retiring auditor Joyce S. Y. Fok CPA (Practising), will be put at the forthcoming annual general meeting.

On behalf of the Board



Dong Kaye
Director

Hong Kong, 10 May 2021



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
K FOR KIDS FOUNDATION LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

We have audited the financial statements of K for Kids Foundation Limited (the "Association") set out on pages 6 to 21, which comprise the statement of financial position as at 31 December 2020, and the income and expenditure account, statement of changes in funds 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 Association as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 Association 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 Association are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
K FOR KIDS FOUNDATION LIMITED
(Incorporated in Hong Kong with limited liability)**

Responsibilities of Directors for the Financial Statements

The directors of the Association are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs 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 of the Association are responsible for assessing the Association'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 Association 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. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Association's internal control.

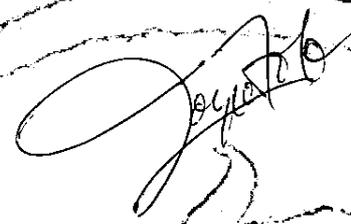


**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
K FOR KIDS FOUNDATION LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's 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 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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Joyce S.Y. Fok
Certified Public Accountant (Practising)
Practising Certificate Number: P06662
Hong Kong

Date: 10 May 2021

**K FOR KIDS FOUNDATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	<u>2020</u> HK\$	<u>2019</u> HK\$
Revenue	6	732,865	1,228,088
Direct cost		<u>(201,649)</u>	<u>(700,940)</u>
		531,216	527,148
Other income - Interest income		-	22
Administrative expenses		<u>(604,760)</u>	<u>(588,350)</u>
Deficit before tax		(73,544)	(61,180)
Income tax expense	7	<u>-</u>	<u>-</u>
Deficit and total comprehensive income for the year	8	<u>(73,544)</u>	<u>(61,180)</u>

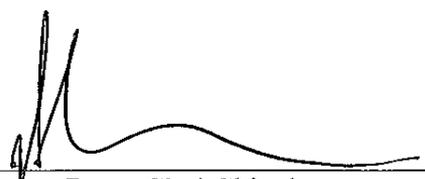
K FOR KIDS FOUNDATION LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	Note	<u>2020</u> HK\$	<u>2019</u> HK\$
Current assets			
Donation receivables	10	11,000	-
Bank balances		661,685	946,229
		672,685	946,229
Current liabilities			
Accruals		15,000	15,000
Amount due to a committee member	11	419,952	619,952
		434,952	634,952
Net current assets		237,733	311,277
NET ASSETS		237,733	311,277
Representing:			
Accumulated surplus		237,733	311,277

Approved by the Board of Directors on 10 May 2021 and are signed on its behalf by:



Dong Kaye
Director



Dong Choi Chi Alex
Director

K FOR KIDS FOUNDATION LIMITED
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Accumulated Surplus
	<u>HK\$</u>
At 1 January 2019	372,457
Deficit for the year	<u>(61,180)</u>
At 31 December 2019 and 1 January 2020	311,277
Deficit for the year	<u>(73,544)</u>
At 31 December 2020	<u>237,733</u>

K FOR KIDS FOUNDATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>2020</u> HK\$	<u>2019</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before tax and operating deficit before working capital changes	(73,544)	(61,180)
(Increase)/Decrease in donation receivables	(11,000)	384,043
Decrease in prepayments	-	5,500
Decrease in accruals	-	(465,928)
(Decrease)/Increase in amount due to a committee member	<u>(200,000)</u>	<u>45,754</u>
Net cash used in operating activities	<u>(284,544)</u>	<u>-(91,811)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(284,544)	(91,811)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>946,229</u>	<u>1,038,040</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u><u>661,685</u></u>	<u><u>946,229</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances	<u><u>661,685</u></u>	<u><u>946,229</u></u>

**K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

K for Kids Foundation Limited (the “Association”) was incorporated in Hong Kong with limited liability by guarantee, and not having a share capital. Every member of the Association undertakes to contribute to the assets of the Association, to the extent of the amount guaranteed, in the event of the same being wound up during the time that he or she is a member or within one year afterwards for payment of the debts and liabilities of the Association contracted. In the event of winding up, each member is liable to contribute to the Association of amount not more than HK\$200. The Association’s registered office is located at 3/F, Hong Kong Jewellery Building, 178-280 Queen's Road Central, Sheung Wan, Hong Kong.

The Association’s principal activity is a non-profit making clansmen association providing education guidance to help children information to members of the Association.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These financial statements also comply with the requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Association are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Association. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Association for the current and prior accounting periods reflected in these financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2020 and are relevant to the Company’s financial statements, including:

K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. ADOPTION OF NEW AND REVISED HKFRSs (CONT'D)

(a) Application of new and revised HKFRSs (cont'd)

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the above new and revised HKFRSs has no significant impact on the financial statements of the Association.

(b) New and revised HKFRSs in issue but not yet effective

The Association has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Association.

		Effective for annual reporting periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2021

The Association is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position. As the Association has not completed its assessment, further impacts may be identified in due course.

4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies.

K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Association operates (the “functional currency”). The financial statements are presented in Hong Kong dollars, which is the Association’s functional and presentation currency.

(b) Recognition and derecognition of financial instruments

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

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.

The Association derecognises a financial asset 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.

The Association derecognises financial liabilities when, and only when, the Association’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Receivables

A receivable is recognised when the Association has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and 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, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(e) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability under HKFRSs. The accounting policies adopted for specific financial liabilities are set out below.

(f) Other payables

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

(g) Revenue recognition

Revenue is recognised when control over a service is transferred to the customer, at the amount of promised consideration to which the Association is expected to be entitled, excluding those amounts collected on behalf of third parties.

Donation are recognised when the right to receive the payment is established.

(h) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

**K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Employee benefits (cont'd)

(ii) Pension obligations

The Association contributes to defined contribution retirement scheme which is available to all employees. Contributions to the scheme by the Association and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the profit or loss represents contributions payable by the Association to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Association can no longer withdraw the offer of those benefits and when the Association recognises restructuring costs and involves the payment of termination benefits.

(i) Impairment of financial assets

The Association recognises a loss allowance for expected credit losses ("ECL") on its financial assets at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

The Association recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Association measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represent the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Association compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Association considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of financial assets (cont'd)

Significant increase in credit risk

Forward-looking information considered includes the future prospects of the industries in which the Association's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Association's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Association presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are past due, unless the Association has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Association assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

The Association considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Association regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Association considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Association considers that default has occurred when a financial asset is past due unless the Association has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty’s financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or

K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of financial assets (cont'd)

Credit-impaired financial assets (cont'd)

- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Association writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Association's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Association in accordance with the contract and all the cash flows that the Association expects to receive, discounted at the original effective interest rate.

If the Association has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Association measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Association recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Association has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

5. FINANCIAL RISK MANAGEMENT

The Association's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Association's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Association's financial performance.

(a) **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Association's credit risk is primarily attributable to its bank balances. The Association's exposure to credit risk arising from cash and cash equivalents is limited because the counterparty is a bank with high credit-rating assigned by international credit-rating agencies, for which the Association considers to have low credit risk.

In determining the ECL for donation receivables, the management of the Association has taken into account the historical default experience and forward-looking information, as appropriate, and concluded that credit risk inherent in the Association's outstanding donation receivables is insignificant. The management of the Association has assessed that donation receivables has not had a significant increase in credit risk since initial recognition. Thus, the Association measures the loss allowance equal to 12-month ECL. The management of the Association considers that the risk of default is insignificant and no impairment has been recognised.

K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk

The Association's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity of the Association's financial liabilities at 31 December 2020 and 2019 is on demand or less than one year.

(c) Interest rate risk

The Association has no significant interest-bearing assets and liabilities, the Association's operating cash flows are substantially independent of changes in market interest rates.

(d) Categories of financial instruments at 31 December

	<u>2020</u> HK\$	<u>2019</u> HK\$
Financial assets:		
Financial assets at amortised cost	661,685	946,229
Financial liabilities:		
Financial liabilities at amortised cost	<u>434,952</u>	<u>634,952</u>

(e) Fair values

The carrying amounts of the Association's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

6. REVENUE

The Association's principal activity is a non-profit making clansmen association providing education guidance to help children information to members of the Association.

The amount of revenue recognised as income during the year is as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Donation income	<u>732,865</u>	<u>1,228,088</u>

K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. INCOME TAX EXPENSE

The Association is exempt from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance ("IRD") and received from its members not less than half of its gross receipt on revenue accounted for the period and it therefore, under Section 24(1) of the IRD, deemed not to carry on business in Hong Kong. Accordingly, no provision for Hong Kong profits tax has been made during the year.

8. DEFICIT FOR THE YEAR

The Association's deficit for the year is stated after charging the following:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Auditor's remuneration	7,600	7,600
Operating lease charges on warehouse premises	84,589	84,000
Employee benefits expense (excluding directors' emoluments):		
Salaries, bonuses and allowances	324,038	319,506
MPF contributions	15,209	14,983
	<u>339,247</u>	<u>334,489</u>

9. DIRECTORS' EMOLUMENTS

The directors did not receive any fees or emoluments in respect of their services rendered to the Association during the year (2019: Nil).

10. DONATION RECEIVABLES

	<u>2020</u> HK\$	<u>2019</u> HK\$
Donation receivables	<u>11,000</u>	<u>-</u>

The carrying amounts of the Association's donation receivables are denominated in the Hong Kong dollars.

K FOR KIDS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. AMOUNT DUE TO A COMMITTEE MEMBER

The amount due to a committee member is unsecured, interest-free and has no fixed repayment term.

12. LEASE COMMITMENTS

At 31 December 2020, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Within one year	<u>7,000</u>	<u>7,000</u>

Operating lease payments represent rentals payable by the Association for its warehouse premises. Leases are negotiated for a term of one year and rentals are fixed over the lease terms and do not include contingent rentals. The Company did not account for the operating lease payments using HKFRS 16 *Leases* as the lease is short term lease.

13. EVENT AFTER REPORTING PERIOD

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Company is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, and operating results of the Company. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impact on the Company's financial position, and operating results at the date on which these financial statements are authorised for issue.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the board of directors on 10 May 2021.

K FOR KIDS FOUNDATION LIMITED
DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020
(for management purposes only)

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
REVENUE		
Donation income	732,865	1,228,088
DIRECT COST		
Activities costs	<u>(201,649)</u>	<u>(700,940)</u>
	531,216	527,148
OTHE INCOME		
Interest income	<u>-</u>	<u>22</u>
	531,216	527,170
ADMINISTRATIVE EXPENSES		
Accountancy fees	4,400	4,400
Advertising expenses	45,000	60,000
Auditor's remuneration	7,600	7,600
Bank charges	338	2,213
Computer expenses	2,280	21,000
Donation	100,000	-
Entertainment	353	-
Insurance	-	1,132
Local travelling	3,170	8,025
Marketing expenses	-	30,000
MPF contributions	15,209	14,983
Office supplies	7,896	7,023
Postage and courier	855	10,975
Printing and stationery	4,666	834
Rent and rate	84,589	84,000
Salaries and allowances	324,038	319,506
Sundry expenses	3,200	4,469
Telephone	1,166	1,656
Uniform	-	10,534
	<u>(604,760)</u>	<u>(588,350)</u>
DEFICIT BEFORE TAX	<u>(73,544)</u>	<u>(61,180)</u>