

THE CEO FOUNDATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

THE CEO FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Non-current asset			
Property, plant and equipment	4	24,584	51,378
Current assets			
Deposit and prepayment		303,966	199,903
Other receivable		1,190	1,190
Amount due from trustee		9,040	9,540
Bank balances and cash		1,156,500	564,298
		<u>1,470,696</u>	<u>774,931</u>
Total assets		<u><u>1,495,280</u></u>	<u><u>826,309</u></u>
LIABILITIES AND RESERVE			
Current liabilities			
Accrued charges		10,800	5,300
Amount due to a founder	5	438	420
		<u>11,238</u>	<u>5,720</u>
Reserve			
Accumulated surplus		1,484,042	820,589
Total liabilities and reserve		<u><u>1,495,280</u></u>	<u><u>826,309</u></u>

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 3 to 10 have been approved and authorised for issue by the trustee of the Foundation and are signed on its behalf by:

For and on behalf of
The CEO Foundation Limited
Trustee of The CEO Foundation



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Authorized Signature(s)

The CEO Foundation Limited
Trustee of The CEO Foundation

THE CEO FOUNDATION

STATEMENT OF INCOME AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2014

(Expressed in Hong Kong Dollars)

	<u>2014</u>	<u>2013</u>
Income		
Bank interest income	577	1,168
Donation received	2,635,247	2,572,753
Project income	1,022,832	226,800
Other income	24,559	197,695
	<u>3,683,215</u>	<u>2,998,416</u>
Expenditure		
Accounting fee	60,800	58,200
Auditors' remuneration	5,500	5,300
Bank charges	13,251	12,203
Children sponsorship	617,274	709,873
Delivery	1,500	2,475
Depreciation	26,794	49,510
Electricity, water and utilities	3,424	22,345
Entertainment and gifts	3,872	2,758
Fund raising activities	130,179	57,832
Institute and home visit	7,704	210,606
Insurance	10,940	3,177
Local travelling	24,105	26,025
Management fee	4,255	6,775
Mandatory provident fund contribution	38,812	31,273
Miscellaneous	13,689	30,442
Missionary expense	2,000	-
Overseas travelling	20,191	25,149
Postage and courier	1,888	1,640
Printing and stationery	13,193	18,842
Program maintenance	314,391	187,109
Project expenses	647,993	390,889
Rental expenses	85,800	74,400
Repair and maintenance	3,706	19,604
Salaries and wages	944,449	940,381
Teenager program	16,317	49,770
Telephone and fax	7,735	10,955
	<u>3,019,762</u>	<u>2,947,533</u>
Surplus for the year	663,453	50,883
Accumulated surplus at start of year	820,589	769,706
Accumulated surplus at end of year	<u><u>1,484,042</u></u>	<u><u>820,589</u></u>

The accompanying notes form an integral part of the financial statements.

THE CEO FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

(Expressed in Hong Kong Dollars)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Surplus for the year	663,453	50,883
Adjustments for:		
Interest income	(577)	(1,168)
Depreciation	26,794	49,510
Operating surplus before working capital changes	<u>689,670</u>	<u>99,225</u>
Increase in deposit and prepayment	(104,063)	(43,197)
Increase in other receivable	-	(1,190)
Decrease in amount due from trustee	500	990
Increase/(decrease) in accrued charges	5,500	(14,700)
Decrease in receipt in advance	-	(36,000)
Increase/(decrease) in amount due to a founder	18	(2,267)
Net cash generated from operating activities	<u>591,625</u>	<u>2,861</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(16,188)
Interest income received	577	1,168
Net cash generated from/(used in) investing activities	<u>577</u>	<u>(15,020)</u>
Net increase/(decrease) in cash and cash equivalents	<u>592,202</u>	<u>(12,159)</u>
Cash and cash equivalents at beginning of the year	<u>564,298</u>	<u>576,457</u>
Cash and cash equivalents at end of the year	<u>1,156,500</u>	<u>564,298</u>
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	<u>1,156,500</u>	<u>564,298</u>

THE CEO FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

(Expressed in Hong Kong Dollars)

1. GENERAL

The Foundation was a trust fund established by the trust deed signed between the founders and the trustee, The CEO Foundation Limited (formerly known as CJ Rockwell International Limited) on March 13, 2000. The address of its principal of operations is Unit 2612, 26/F., Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong.

The principal activity of the Foundation is to carry out charitable activities in alignment to Christianity.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These 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 (HKICPA). They have been prepared using the historical cost convention.

a. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Furniture and fixture	20%
Office equipment	20%
Motor vehicle	30%

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

THE CEO FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

(Expressed in Hong Kong Dollars)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - Continued

b. Impairment of assets

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

c. Other receivables

Other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables.

d. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

e. Other payables and accruals

Other payables and accruals are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method.

f. Revenue recognition

Donation income is recognised as income upon actual receipt of money.

Interest income is recognised using the effective interest method.

THE CEO FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

(Expressed in Hong Kong Dollars)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - Continued

g. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of Foundation is measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Foundation's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

h. Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material these amounts are stated at their present values.

The Foundation operates Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as the Foundation become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Foundation in an independently administrated trust fund. The Foundation's employer contributions vest fully with the employees when contributed into the MPF Scheme.

THE CEO FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

(Expressed in Hong Kong Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of property, plant and equipment

The Foundation's management determines the estimated useful lives and related depreciation for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and fixture</u>	<u>Office equipment</u>	<u>Motor vehicle</u>	<u>Total</u>
<u>Cost</u>				
As at 01.04.2013 and 31.03.2014	<u>41,078</u>	<u>150,850</u>	<u>106,154</u>	<u>298,082</u>
<u>Accumulated depreciation</u>				
As at 01.04.2013	26,128	125,038	95,538	246,704
Charge for the year	<u>6,833</u>	<u>9,345</u>	<u>10,616</u>	<u>26,794</u>
As at 31.03.2014	<u>32,961</u>	<u>134,383</u>	<u>106,154</u>	<u>273,498</u>
<u>Carrying amount</u>				
As at 31.03.2014	<u>8,117</u>	<u>16,467</u>	<u>-</u>	<u>24,584</u>

5. AMOUNT DUE TO A FOUNDER

The amount is unsecured, interest free and repayable on demand.

THE CEO FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

(Expressed in Hong Kong Dollars)

6. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements, as the Foundation is a charitable institution under Section 88 of Inland Revenue Ordinance (Chapter 112) and is therefore exempted from taxes levied under this Ordinance.

7. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved and authorised to issue by the trustee
on 23 OCT 2017

THE CEO FOUNDATION
Audit Adjustment
For the Year Ended March 31, 2014

Account code	Dr. HK\$	Cr. HK\$	Increase/ (decrease) in surplus HK\$
Surplus per management account			696,184.31
(1) 1302-01 Acc. depreciation-office equipment	548.69		
1301 Office Furniture	377.36		
1216 Temp Payment- O/s Trips 1216	4,000.00		
1302 Office equipment		377.36	
1301-01 Acc. depreciation-office Furniture		548.69	
1214 Prepaid Expenses		4,000.00	
Being opening adjustment.			
(2) 1304-01 Acc. Depreciation-software	125.00		
1301-01 Acc. depreciation-office Furniture	105,683.94		
1302-01 Acc. depreciation-office equipment		105,808.94	
Being opening adjustment.			
(3) 4099 Miscellaneous	436.10		(436.10)
1214 Prepaid Expenses		436.10	
Being adjustment of the prepaid expenses.			
(4) 4010 Audit Fee	5,500.00		(5,500.00)
2202 Accrued charges		5,500.00	
Being provision for the audit fee 2014.			
(5) 4092 Depreciation	26,793.26		(26,793.26)
1302-01 Acc. depreciation-office equipment		9,220.54	
1304-01 Acc. Depreciation-software		125.00	
1301-01 Acc. depreciation-office Furniture		6,832.32	
1303-01 Acc. depreciation-Motor Vehicle		10,615.40	
Being adjustment for the provision of depreciation for the year.			
Surplus per audited account			663,454.95

Approved by :
For and on behalf of
The CEO Foundation Limited
Trustee of The CEO Foundation

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Authorized Signature(s)

CEO Foundation Limited
Trustee of The CEO Foundation