

THE CEO FOUNDATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

THE CEO FOUNDATION

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
THE CEO FOUNDATION

We have audited the financial statements of The CEO Foundation (the "Foundation") set out on pages 3 to 10, which comprise the statement of financial position as at March 31, 2016, and the statement of income and accumulated surplus and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustee's responsibility for the financial statements

The trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liabilities to any other person for the contents of the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

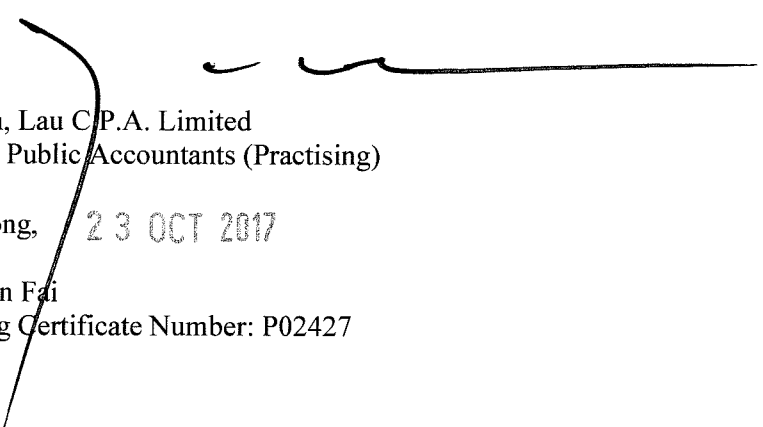
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

TO THE MEMBERS OF
THE CEO FOUNDATION

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities.



Ng, Suen, Lau C.P.A. Limited
Certified Public Accountants (Practising)

Hong Kong, 23 OCT 2017

Suen Man Fai
Practising Certificate Number: P02427

THE CEO FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016


(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Non-current asset			
Property, plant and equipment	4	3,238	9,328
Current assets			
Deposit and prepayment		232,074	551,617
Other receivable		1,190	1,190
Amount due from trustee		9,040	9,040
Bank balances and cash		1,958,512	2,234,805
		<u>2,200,816</u>	<u>2,796,652</u>
Total assets		<u>2,204,054</u>	<u>2,805,980</u>
LIABILITIES AND RESERVE			
Current liabilities			
Accrued charges		20,700	19,400
Amount due to a founder	5	1,379	2,580
		<u>22,079</u>	<u>21,980</u>
Reserve			
Accumulated surplus		2,181,975	2,784,000
Total liabilities and reserve		<u>2,204,054</u>	<u>2,805,980</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

Approved on behalf of the trustee of the Foundation:

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


.....
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, 2016

(Expressed in Hong Kong Dollars)

	<u>2016</u>	<u>2015</u>
Income		
Bank interest income	4,283	5,565
Donation received	1,548,741	3,290,863
Project income	170,006	542,006
Other income	66,103	4,019
	<u>1,789,133</u>	<u>3,842,453</u>
Expenditure		
Accounting fee	64,000	59,600
Auditors' remuneration	5,500	5,500
Bank charges	11,199	11,689
Children sponsorship	83,160	90,720
Depreciation	6,090	15,256
Electricity, water and utilities	4,210	5,034
Entertainment and gifts	-	731
Fund raising activities	34,916	361,164
Institute and home visit	27,447	-
Insurance	2,100	2,200
Local travelling	15,423	12,034
Management fee	5,255	8,435
Mandatory provident fund contribution	33,190	31,600
Miscellaneous	8,955	12,855
Missionary expense	4,000	-
Overseas travelling	16,700	43,572
Postage and courier	1,837	2,050
Printing and stationery	6,064	3,825
Program maintenance	461,361	401,893
Project expenses	691,692	591,524
Rental expenses	120,000	120,000
Repair and maintenance	-	520
Salaries and wages	777,400	754,845
Telephone and fax	10,659	7,448
	<u>2,391,158</u>	<u>2,542,495</u>
(Deficit)/surplus for the year	<u>(602,025)</u>	<u>1,299,958</u>
Accumulated surplus at start of year	<u>2,784,000</u>	<u>1,484,042</u>
Accumulated surplus at end of year	<u><u>2,181,975</u></u>	<u><u>2,784,000</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

THE CEO FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

(Expressed in Hong Kong Dollars)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
(Deficit)/surplus for the year	(602,025)	1,299,958
Adjustments for:		
Interest income	(4,283)	(5,565)
Depreciation	6,090	15,256
Operating (deficit)/surplus before working capital changes	(600,218)	1,309,649
Decrease/(increase) in deposit and prepayment	319,543	(247,651)
Increase in accrued charges	1,300	8,600
(Decrease)/increase in amount due to a founder	(1,201)	2,142
Net cash (used in)/generated from operating activities	(280,576)	1,072,740
Cash flows from investing activity		
Interest income received	4,283	5,565
Net cash generated from investing activity	4,283	5,565
Net (decrease)/increase in cash and cash equivalents	(276,293)	1,078,305
Cash and cash equivalents at beginning of the year	2,234,805	1,156,500
Cash and cash equivalents at end of the year	<u>1,958,512</u>	<u>2,234,805</u>
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	<u>1,958,512</u>	<u>2,234,805</u>

THE CEO FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(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 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 issued by the Hong Kong Institute of Certified Public Accountants. 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, 2016

(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, 2016

(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, 2016

(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 01.04.2015 and 31.03.2016	<u>41,078</u>	<u>150,850</u>	<u>106,154</u>	<u>298,082</u>
<u>Accumulated depreciation</u>				
As at 01.04.2015	39,086	143,514	106,154	288,754
Charge for the year	<u>1,992</u>	<u>4,098</u>	<u>-</u>	<u>6,090</u>
As at 31.03.2016	<u>41,078</u>	<u>147,612</u>	<u>106,154</u>	<u>294,844</u>
<u>Carrying amount</u>				
As at 31.03.2016	<u>-</u>	<u>3,238</u>	<u>-</u>	<u>3,238</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, 2016

(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, 2016

Account code	Dr. HK\$	Cr. HK\$	(Increase)/ decrease in surplus HK\$
Deficit per management account			(586,235.92)
(1) 1301 Office Furniture	377.36		
1301-01 Acc. depreciation-office Furniture	92,177.41		
1216 Temp Payment- O/s Trips 1216	4,000.00		
3000 Retained earnings b/f	53,485.42		
2202 Accrued charges		11,000.00	
1214 Prepaid Expenses		4,436.10	
(1302) Office equipment		377.36	
1302-01 Acc. depreciation-office equipment		123,611.33	
1303-01 Acc. depreciation-Motor Vehicle		10,615.40	
Being the openign adjustment.			
(2) 4021 Accountancy	4,200.00		(4,200.00)
2202 Accrued expenses		4,200.00	
Being adjust the accountancy fee.			
(3) 4010 Audit Fee	5,500.00		(5,500.00)
2202 Accrued charges		5,500.00	
Being provision for the audit fee 2016.			
(4) 4092 Depreciation	6,090.77		(6,090.77)
1302-01 Acc. depreciation-office equipment		4,098.00	
1301-01 Acc. depreciation-office Furniture		1,992.77	
Being adjustment for the provision of depreciation for the year.			
Deficit per audited account			<u>(602,026.69)</u>

Approved by :

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

.....
Authorized Signature(s)

→ CEO Foundation Limited
Trustee of The CEO Foundation