

THE CEO FOUNDATION
主流夢工場基金

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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Detailed income statement
(For management information purpose only)

Appendix I

INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF THE CEO FOUNDATION 主流夢工場基金

Opinion

We have audited the financial statements of The CEO Foundation 主流夢工場基金 ("the Trust") set out on pages 4 to 11, which comprise the statement of financial position as at 31 March 2020, and the income statement 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 Trust are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the SME-FRS 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 Trust in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other 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 Trustees are responsible for the other information. The other information included detailed income statement set out appendix I, 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 on the other information obtained prior to the date of this auditor's report, 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 TRUSTEES OF THE CEO FOUNDATION 主流夢工場基金 (Continued)**

Responsibilities of Trustee for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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 section 405 to 407 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.

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. 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 Trust's internal control.

INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF THE CEO FOUNDATION 主流夢工場基金 (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' 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 Trust'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 Trust 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.



K S YU & CO.
Certified Public Accountants
Practising Certificate Number: P03570

Hong Kong,

THE CEO FOUNDATION

主流夢工場基金

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Revenue	4	1,337,941	1,284,214
Other revenue	5	7,542	30,715
		<u>1,345,483</u>	<u>1,314,929</u>
Administrative expenses		<u>(1,971,249)</u>	<u>(2,352,355)</u>
Deficit from operations		<u>(625,766)</u>	<u>(1,037,426)</u>
Finance costs	6	<u>(11,833)</u>	<u>(9,168)</u>
Deficit before tax		<u>(637,599)</u>	<u>(1,046,594)</u>
Taxation	7	<u>-</u>	<u>-</u>
DEFICIT FOR THE YEAR	8	<u><u>(637,599)</u></u>	<u><u>(1,046,594)</u></u>

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

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Non-current assets			
Plant and equipment	10	90,432	107,676
Current assets			
Deposits and prepayment		49,547	59,190
Amount due from trustee	9	4,934	6,954
Amount due from a founder	9	169,506	410,965
Cash and bank balances		124,007	174,035
		347,994	651,144
Less: Current liabilities			
Accrued charges		355,377	39,900
Bank overdraft		1,728	-
		357,105	39,900
Net current (liabilities)/ assets		(9,111)	611,244
NET ASSETS		81,321	718,920
RESERVE			
Retained surplus	11	81,321	718,920

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

On behalf of the trustee of The CEO 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

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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. General information

a. Trust Information

The CEO Foundation was a trust fund established by the trust deed signed between the founders and trustees, The CEO Foundation Limited on March 13, 2000. The address of its registered office and principal place of business is Room 1402, 14/F, 239 Temple Street, Jordan, Kowloon, Hong Kong. It's principal activity of the Trust is to carry out charitable activities in alignment to Christianity.

b. Reporting currency

Unless stated otherwise, all currency figures in these financial statements are presented in Hong Kong Dollars (HK\$) rounded to the nearest one dollar.

2. Basis of preparation

a. Statement of compliance

These financial statements comply with all applicable sections of SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Trust is a going concern.

b. Basis of measurement

The measurement bases used in preparing these financial statements are set out in note 3 to the financial statements.

3. Summary of significant accounting policies

All trustees of the trust agree in writing that the Trust is to fall within the reporting exemption for the financial year ended 31 March 2020 under section 359(1)(b) of the Hong Kong Companies Ordinance and is therefore entitled to prepare and present its annual financial statements in accordance with SME-FRS. These financial statements have been prepared in accordance with SME-FRS.

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements.

a. Revenue

Revenue is recognised as income when it is probable that the economic benefits associated with transaction will flow to the Trust and when the amount of revenue as well as costs incurred for the transaction can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and is shown net of discounts, rebates and returns on the following bases.

(i) Donation income

Donation income are recognised as income upon receipt.

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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. Summary of significant accounting policies (continued)

a. Revenue

(ii) Bank interest received

Bank interest received is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(iii) Other income

Other income is recognized in the accounts on a receivable basis.

b. Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Leasehold improvement	20%
Office equipment	20%
Motor vehicle	30%

c. Leases

Leases that retain substantially all the risks and rewards incidental to ownership of the leased assets by the lessor are accounted for as operating leases. Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term. All incentives for agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased assets. The aggregate benefit of incentives is recognised as a reduction of rental expenses over the lease term.

d. Trade and other receivables

Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and taken in the income statement.

e. Foreign currency translations

The reporting currency of the Trust is Hong Kong Dollar. Foreign currency transactions are translated into the reporting currency at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the approximate rates of exchange ruling at that date. Exchange differences arising on the settlement of monetary items or on translation of foreign currency monetary assets and liabilities are recognised as income or expenses.

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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Summary of significant accounting policies (continued)

f. Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

g. Employee benefits

i) Paid leave carried forward

The Trust provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the reporting date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the reporting date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

ii) Retirement benefits costs

The Trust operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (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' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The Trust's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Revenue

An analysis of the Trust's revenue is as follow:

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Donation received	674,651	1,202,214
Project income	663,290	82,000
	<u>1,337,941</u>	<u>1,284,214</u>

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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Other revenue

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Bank interest received	74	925
Other income	7,468	29,790
	<u>7,542</u>	<u>30,715</u>

Finance costs

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Bank charges	11,833	9,168

Taxation

The Trust is exempted under section 88 of the Inland Revenue Ordinance (Cap.112) as charitable institution which is not subject to Hong Kong Profits Tax. (2019: NIL)

Deficit for the year

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Deficit for the year is arrived at after charging:		
Depreciation	29,888	27,359
Operating lease charges	288,000	160,839
Staff cost		
Salaries and allowances	873,023	789,900
Staff quarter	156,000	156,000
Mandatory provident fund	38,486	38,254

Trustees' remuneration and loans

Remuneration of the Trustees of the Trust disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of executive committee members) Regulation are as follow:

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Emoluments (including benefit in kind)		
Provision of management services	5,820	6,705

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**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

Trustees' remuneration and loans (continued)

Loans, quasi-loans and other dealings in favour of Trustees of the Trust disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of information about Benefit of executive committee members) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Trust for the trustees of the Trust

Name of borrower	Relationship	Principal Term	Outstanding principal and interest			Overdue amount HK\$	Provision HK\$
			At beginning of year HK\$	At end of year HK\$	Greatest outstanding HK\$		
The CEO Foundation Limited	Trustee	1	6,954	4,934	6,954	-	-
Chua Hark Wing Joseph	Founder	1	410,965	169,506	410,965	-	-

Principal term:

1. The loan, quasi-loans and credit transactions is interest free, unsecured and has no fixed repayment terms.

10. Plant and equipment

	Leasehold improvement HK\$	Office equipment HK\$	Motor vehicle HK\$	Total HK\$
Cost				
As at 1 April 2019	127,995	159,650	106,154	393,799
Addition during the year	7,450	5,194	-	12,644
As at 31 March 2020	135,445	164,844	106,154	406,443
Aggregate depreciation and impairment losses				
As at 1 April 2019	25,599	154,370	106,154	286,123
Depreciation for the year	27,089	2,799	-	29,888
As at 31 March 2020	52,688	157,169	106,154	316,011
Net carrying amount				
As at 31 March 2020	82,757	7,675	-	90,432
As at 31 March 2019	102,396	5,280	-	107,676

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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. Reserve

	<u>Retained surplus HK\$</u>
Balance as at 1 April 2019	718,920
Deficit for the year	(637,599)
Balance as at 31 March 2020	<u>81,321</u>

2. Related party transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related party. The information disclosed pursuant to section 383 of the Companies Ordinance are follows:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>(Dr) / Cr</u>		<u>(Dr) / Cr</u>	
			<u>Transaction amount</u>		<u>Amount due from a related company</u>	
			<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
			<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
						<u>(Restated)</u>
The CEO Foundation Limited	Related company	Management fee paid	(5,820)	(6,705)	(4,934)	(6,954)

The directors of the company are of the opinion that the above transactions were entered into at terms agreed by the both parties.

3. Approval of financial statements

These financial statements were approved and authorized for issue by the trustee on

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DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2020**(For management information purpose only)**

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
DONATION INCOME	674,651	1,202,214
PROJECT INCOME	663,290	82,000
	<u>1,337,941</u>	<u>1,284,214</u>
OTHER REVENUE		
Bank interest received	74	925
Other income	7,468	29,790
	<u>1,345,483</u>	<u>1,314,929</u>
ADMINISTRATIVE EXPENSES		
Auditor's remuneration	14,000	13,000
Deprecation	29,888	27,359
Electricity, water and utilities	11,249	4,572
Exchange difference	-	21,511
Fund raising activities	-	12,975
Insurance	3,586	2,567
Legal and Professional fee	-	5,870
Local travelling	2,077	17,560
Management fee paid	5,820	6,705
Mandatory provident fund	38,486	38,254
Sundry expenses	11,168	7,552
Overseas travelling	-	27,329
Postage and courier	8,857	1,474
Printing and stationery	9,726	6,804
Program maintenance	393,946	589,325
Project expenses	57,831	443,850
Rent, rates and building management fee	341,113	173,794
Salaries and allowances	873,023	789,900
Staff quarter	156,000	156,000
Telephone, fax and internet	14,479	5,954
	<u>1,971,249</u>	<u>2,352,355</u>
FINANCE COSTS		
Bank charges	11,833	9,168
DEFICIT FOR THE YEAR	<u>(637,599)</u>	<u>(1,046,594)</u>