

FAITH IN LOVE FOUNDATION LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2019**



李 湯 陳 會 計 師 事 務 所

LI, TANG, CHEN & CO.

Certified Public Accountants (Practising)

Hong Kong

FAITH IN LOVE FOUNDATION LIMITED
(incorporated in Hong Kong and limited by guarantee)

DIRECTORS' REPORT

The directors have pleasure in submitting to the members their report together with audited financial statements for the year ended 30th June, 2019.

PRINCIPAL ACTIVITIES

The principal activities of the company are to provide support services for socially disadvantaged families, children and elderly; and the promoting of artistic education and exchange between disadvantaged groups.

FINANCIAL STATEMENTS

The financial performance of the company for the year ended 30th June, 2019 and the financial position of the company at that date are set out in the financial statements on pages 6 to 13.

DIRECTORS

Ms. Chao Gigi
Ms. Swartz Kristi Lynn
Mr. Chan Antonio Phoebus Chun Hin
Mr. Chinchon John Howard
Ms. Fok Ka Yee Alice
Ms. Cecilia Wang
Ms. Eav Sean (resigned on 27th December, 2018)

In accordance with article 26 of the company's articles of association, the term of office of the directors other than the first directors shall be three years and at the expiration of term of office they shall retire from office but shall be eligible for re-election.

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.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this directors' report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the company.


FAITH IN LOVE FOUNDATION LIMITED
(incorporated in Hong Kong and limited by guarantee)

DIRECTORS' REPORT

AUDITOR

The financial statements have been audited by Messrs. Li, Tang, Chen & Co., who retire but, being eligible, offer themselves for re-appointment.

On behalf of the Board



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Chao Gigi
Director

Hong Kong, 25 MAR 2020



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FAITH IN LOVE FOUNDATION LIMITED**
(incorporated in Hong Kong and limited by guarantee)

OPINION

We have audited the financial statements of Faith In Love Foundation Limited (the "company") set out on pages 6 to 13, which comprise the statement of financial position as at 30th June, 2019, and the statement of comprehensive income and accumulated funds and the 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 company as at 30th June, 2019, and of its financial performance and cash flows for the year then ended 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") 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's") 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 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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the directors' 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.

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RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give 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 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 directors either intend to liquidate the company 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 company's internal control.
- 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 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 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 company to cease to continue as a going concern.

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**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS
(CONT'D)**

- 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 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.



Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
17/F Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

25 MAR 2020

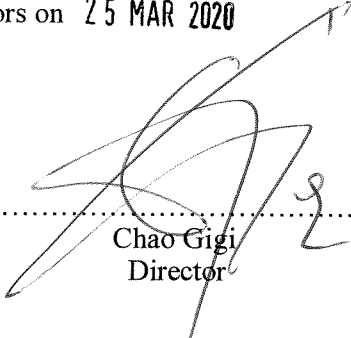
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FAITH IN LOVE FOUNDATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2019

	<u>Note</u>	HK\$	<u>2019</u> HK\$	<u>2018</u> HK\$
NON-CURRENT ASSETS				
Property, plant and equipment	8		11,380	-
CURRENT ASSETS				
Bank balances		717,913		941,884
CURRENT LIABILITIES				
Amount due to a director	9	59,324		39,908
NET CURRENT ASSETS			<u>658,589</u>	<u>901,976</u>
NET ASSETS			<u>669,969</u>	<u>901,976</u>
Representing:				
ACCUMULATED FUNDS			<u>669,969</u>	<u>901,976</u>

The financial statements on pages 6 to 13 were approved and authorised for issue by the board of directors on 25 MAR 2020



 Chao Gigi
 Director



 Swartz Kristi Lynn
 Director

FAITH IN LOVE FOUNDATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED FUNDS

FOR THE YEAR ENDED 30TH JUNE, 2019

	<u>Note</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
REVENUE	4	254,699	1,022,577
OTHER INCOME	5	1,510	17,155
STAFF COST		(6,000)	(10,064)
OTHER OPERATING EXPENSES		<u>(482,216)</u>	<u>(796,774)</u>
(DEFICIT)/SURPLUS BEFORE TAXATION	6	(232,007)	232,894
TAX EXPENSE	7	<u>-</u>	<u>-</u>
(DEFICIT)/SURPLUS FOR THE YEAR FOR THE YEAR		(232,007)	232,894
ACCUMULATED FUNDS AT START OF YEAR		<u>901,976</u>	<u>669,082</u>
ACCUMULATED FUNDS AT END OF YEAR		<u><u>669,969</u></u>	<u><u>901,976</u></u>

FAITH IN LOVE FOUNDATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE, 2019

	<u>2019</u> HK\$	<u>2018</u> HK\$
OPERATING ACTIVITIES		
(Loss)/profit before taxation	(232,007)	232,894
Adjustments for:		
Depreciation	3,793	-
Interest income	(610)	-
Operating (loss)/profit before movements in working capital	<u>(228,824)</u>	<u>232,894</u>
Decrease in amount due from a director	-	23,900
Decrease in prepayment	-	6,000
Increase in amount due to a director	19,416	39,908
Net cash (used in)/generated from operating activities	<u>(209,408)</u>	<u>302,702</u>
INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(15,173)	-
Interest received	610	-
Net cash used in investing activities	<u>(14,563)</u>	<u>-</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(223,971)	302,702
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>941,884</u>	<u>639,182</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>717,913</u></u>	<u><u>941,884</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	<u><u>717,913</u></u>	<u><u>941,884</u></u>

FAITH IN LOVE FOUNDATION LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Faith In Love Foundation Limited (“the company”) is incorporated under the Hong Kong Companies Ordinance as a company limited by guarantee on 9th April, 2004. Every member of the company undertakes to contribute, if required, an amount not exceeding HK\$100 to the assets of the Company in the event of its being wound up.

The registered office of the company is located at 11/F., Club Lusitano, 16 Ice House Street, Central, Hong Kong. The principal activities of the company are to provide support services for socially disadvantaged families, children and elderly; and the promoting of artistic education and exchange between disadvantaged groups.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation:

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities (“HKFRSs” for Private Entities) issued by the Hong Kong Institute of Certificate Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

b) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation on property, plant and equipment is calculated on the straight-line basis to allocate cost to their residual value over their estimated useful lives as follows:

Office equipment	25% per annum
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The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

c) Impairment of non-financial 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 an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

FAITH IN LOVE FOUNDATION LIMITED

NOTES ON THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Impairment of non-financial assets: (cont'd)

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, 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 surplus or deficit.

d) Cash and cash equivalents:

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the company cash management.

e) Payables:

Payables are recognised initially at the transaction prices and subsequently measured at amortised cost using the effective interest method

f) Revenue recognition:

Revenue is recognised in surplus or deficit provided that it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably, as follows:

- i) Revenue from event is recognised when the event was held.
- ii) Interest income is recognised as it accrues by using effective interest method.
- iii) Donations are recognised on cash receipt basis.

g) Employee benefits:

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

h) Related parties:

- a) A person, or a close member of that person's family, is related to the company if that person:
 - i) has control or joint control over the company;
 - ii) has significant influence over the company; or
 - iii) is a member of the key management personnel of the company.

FAITH IN LOVE FOUNDATION LIMITED

NOTES ON THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Related parties: (cont'd)

b) An entity is related to the company if any of the following conditions applies:

- i) the entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii) both entities are joint ventures of the same third party.
- iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- vi) the entity is controlled or jointly controlled by a person identified in (a).
- vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii) the entity, or any member of the group of which it is a part, provides key management personnel services to the company.

3. TRANSITION TO HKFRS FOR PRIVATE ENTITIES

The company's financial statements for the year ended 30th June, 2019 are its first annual financial statements prepared under accounting policies that comply with the HKFRS for Private Entities.

The company's date of transition is 1st July, 2018 and the company prepared its opening balance of statement of financial position in compliance with the HKFRS for Private Entities at that date.

The company has applied all the mandatory exceptions and certain of the optional exemptions from full retrospective application of the HKFRS for Private Entities when preparing these financial statements in accordance with the HKFRS for Private Entities.

There is no quantitative difference between the financial statements prepared under the HKFRS for Private Entities and that under the full HKFRSs.

4. REVENUE

	<u>2019</u> HK\$	<u>2018</u> HK\$
Donations income	254,699	1,022,577

FAITH IN LOVE FOUNDATION LIMITED
NOTES ON THE FINANCIAL STATEMENTS

5. OTHER INCOME

	<u>2019</u> HK\$	<u>2018</u> HK\$
Interest income	610	55
Sundry income	<u>900</u>	<u>17,100</u>
	<u>1,510</u>	<u>17,155</u>

6. (DEFICIT)/SURPLUS BEFORE TAXATION

	<u>2019</u> HK\$	<u>2018</u> HK\$
This is arrived at after charging:		
Auditors' remuneration	Hon	Hon
Deficit on activities	<u>327,671</u>	<u>319,337</u>

7. TAX EXPENSE

No provision for Hong Kong profits tax has been made for the years ended 30th June, 2019 and 30th June, 2018 as the company is exempt from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance.

8. PROPERTY, PLANT AND EQUIPMENT

	<u>Office equipment</u> HK\$
Cost:	
At 1 st July, 2018	34,991
Additions	<u>15,173</u>
At 30 th June, 2019	50,164

Accumulated depreciation:	
At 1 st July, 2018	34,991
Charge for the year	<u>3,793</u>
At 30 th June, 2019	38,784

Net book value:	
At 30 th June, 2019	<u>11,380</u>

Net book value:	
At 30 th June, 2018	<u>-</u>

FAITH IN LOVE FOUNDATION LIMITED
NOTES ON THE FINANCIAL STATEMENTS

9. AMOUNT DUE TO A DIRECTOR

This represent advances which are unsecured, interest-free and have no fixed repayment terms.

10. EMOLUMENTS AND OTHER MATTERS RELATING TO DIRECTORS

- a) Directors' remuneration disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulations are as follows:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Fees	Nil	Nil
Salaries and allowance	Nil	Nil
	<u> </u>	<u> </u>

- b) Directors' material interests in transactions, arrangements or contracts

The directors were of the opinion that no transactions, arrangements and contracts of significance in relating to the company's business to which the company was a party and in which a director 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 and the previous year.

11. RELATED PARTY TRANSACTIONS

- a) During the year, the company has entered into the following related party transactions:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Donation income from a director	88,500	2,355
	<u> </u>	<u> </u>

- b) Details of the balance with a director is disclosed in note (9) on the financial statements.