

Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Reports and financial statements
for the year ended March 31, 2016

Talent Partners CPA Limited
中天會計師事務所有限公司

Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

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Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Report of the executive committee members

The executive committee members have pleasure in submitting their annual report and the audited financial statements of the association for the year ended March 31, 2016.

1. Principal activities

The principal activities of the association are to provide assistance to students in rural mountain areas in Mainland China and assistance to vulnerable groups such as the elderly, young people and children in Hong Kong to solve their poverty and suffering difficulties.

2. Financial statements

The results of the association for the year ended March 31, 2016 and the state of the association's affairs as at that date are set out in the financial statements on pages 5 to 12.

3. Executive committee members

During the year and up to the date of this report, the following executive committee members held office :

| | |
|-----------------------|--|
| Chan Chi Fai Jeremy | |
| Chan Hoi Fung | |
| Chek Ping Cheong | |
| Kwok Siu Ping | |
| Li Chi Hung | |
| Ng Hing Wai Wily | |
| To Chung Man | |
| Wong Lam | |
| Yick Wing Man | |
| Chan Kit Yeng Stella | (Appointed on June 3, 2015) |
| Ting Lui | (Appointed on July 7, 2016) |
| Chung Wing Mun | (Resigned on June 3, 2015) |
| Ng Wai Hung | (Resigned on June 3, 2015) |
| Siu Cheong Mau Steven | (Resigned on June 3, 2015) |
| Yim Tsz Ming | (Resigned on June 3, 2015) |
| Kwong Tse San Toby | (Appointed on August 19, 2015 and resigned on July 7, 2016) |

In accordance with the association's Articles of Association, all executive committee members who have been in office for two years since their last election, will retire from the office and, being eligible, offer themselves for re-election.

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Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Report of the executive committee members

(cont'd)

4. Exemption from preparing business review

The association is qualified as a small guarantee company for the financial year under Section 359(1)(a) of the Companies Ordinance (Cap. 622). Accordingly, the foundation is exempted from the requirement to include in this report a business review which complies with Schedule 5 of this Ordinance.

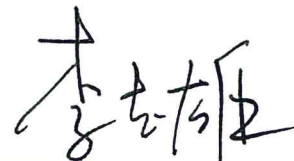
5. Auditor

The financial statements have been audited by Talent Partners CPA Limited, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

6. Other matters

As at the date of this report, the executive committee members are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

**For and on behalf of the
Executive committee**



Li Chi Hung
Chairman

Date : November 4, 2016



TALENT PARTNERS CPA LIMITED

中天會計師事務所有限公司

Report of the independent auditor to the members of

Seeds Of Art Charity Foundation Company Limited [藝術扶苗慈善基金會有限公司]

(Incorporated in Hong Kong with Limited Liability)

We have audited the financial statements of Seeds Of Art Charity Foundation Company Limited ("the association") set out on pages 5 to 12, which comprise the statement of financial position as at March 31, 2016, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Executive committee members' responsibility for the financial statements

The executive committee members are 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 the Hong Kong Companies Ordinance, and for such internal control as the executive committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or

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 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. 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 management committee members, 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.

(to be cont'd)



TALENT PARTNERS CPA LIMITED

中天會計師事務所有限公司

**Report of the independent auditor to the members of
Seeds Of Art Charity Foundation Company Limited [藝術扶苗慈善基金會有限公司]**

(Incorporated in Hong Kong with Limited Liability)

(cont'd)

Opinion

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

**Talent Partners CPA Limited
Certified Public Accountants
Liu Ka Yuen, Certificate number P05121**

Hong Kong : November 4, 2016

Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Statement of comprehensive income for the year ended March 31, 2016
(Amounts expressed in Hong Kong dollars)

| | Note | 2016 | 2015 |
|--|------|--------------|--------------|
| Income | | | |
| Donations income | (2a) | 1,149,477 | 942,998 |
| Other revenue | | | |
| Bank interest income | (2a) | 447 | 391 |
| Charity activities income | (2a) | 42,450 | 265,480 |
| Exchange gain | (2f) | - | 712 |
| Membership fee income | (2a) | 3,220 | 1,000 |
| | | 46,117 | 267,583 |
| | | 1,195,594 | 1,210,581 |
| General and administrative expenses | | | |
| Auditor's remuneration | | (5,000) | (4,500) |
| Bank charges | | - | (300) |
| Charity activities expenses | | (731,386) | (536,314) |
| Company secretarial fees | | (5,150) | (105) |
| Courier and postage | | (1,090) | (2,615) |
| Donation payments | | (318,325) | (628,557) |
| Entertainment | | (5,034) | (339) |
| Exchange loss | (2f) | (9,810) | - |
| Miscellaneous | | (33,465) | (22,484) |
| Printing and stationery | | (7,946) | (9,279) |
| Telecommunication | | (5,644) | - |
| Transportation | | (2,380) | - |
| Travelling | | (709) | (1,263) |
| Venue expenses | | (1,510) | (1,008) |
| | | (1,127,449) | (1,206,764) |
| Surplus before taxation | | 68,145 | 3,817 |
| Income tax | (4) | - | - |
| Surplus for the year | | 68,145 | 3,817 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 68,145 | 3,817 |

Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Statement of financial position as at March 31, 2016
(Amounts expressed in Hong Kong dollars)

| | 2016 | 2015 |
|------------------------------------|----------------|----------------|
| Current assets | | |
| Donation receivables | - | 12,560 |
| Cash at bank | 495,858 | 412,512 |
| Cash in hand | 109,065 | 112,386 |
| | <u>604,923</u> | <u>537,458</u> |
| Total assets | <u>604,923</u> | <u>537,458</u> |
| Accumulated funds | | |
| Surplus carried forward | 598,903 | 530,758 |
| | <u>598,903</u> | <u>530,758</u> |
| Current liabilities | | |
| Membership fee received in advance | 1,020 | 2,200 |
| Accrued charges | 5,000 | 4,500 |
| | <u>6,020</u> | <u>6,700</u> |
| Total funds and liabilities | <u>604,923</u> | <u>537,458</u> |

The financial statements on pages 5 to 12 were approved and authorised for issue by the executive committee on November 4, 2016 and are signed on its behalf by following executive committee members :



 Li Chi Hung



 Chan Hoi Fung

Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Statement of changes in funds for the year ended March 31, 2016
(Amounts expressed in Hong Kong dollars)

Accumulated funds

| | |
|------------------------------|-----------------------|
| Balance as at April 1, 2014 | 526,941 |
| Total comprehensive income | <u>3,817</u> |
| Balance as at March 31, 2015 | 530,758 |
| Total comprehensive income | <u>68,145</u> |
| Balance as at March 31, 2016 | <u><u>598,903</u></u> |

Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Statement of cash flows for the year ended March 31, 2016
(Amounts expressed in Hong Kong dollars)

| | 2016 | 2015 |
|---|-------------|-------------|
| Cash flows from operating activities | | |
| Surplus before taxation | 68,145 | 3,817 |
| Adjustment for bank interest income | (447) | (391) |
| Operating surplus before working capital changes | 67,698 | 3,426 |
| Decrease/(increase) in donation receivables | 12,560 | (12,560) |
| (Decrease)/increase in membership fee received in advance | (1,180) | 2,200 |
| Increase in accrued charges | 500 | 4,500 |
| Cash generated from/(used in) operations | 79,578 | (2,434) |
| Income tax paid | - | - |
| Net cash inflow/(outflow) from operating activities | 79,578 | (2,434) |
| Cash flows from investing activities | | |
| Bank interest received | 447 | 391 |
| Cash flows from financing activities | - | - |
| Increase/(decrease) in cash and cash equivalents | 80,025 | (2,043) |
| Cash and cash equivalents b/f | 524,898 | 526,941 |
| Cash and cash equivalents c/f | 604,923 | 524,898 |
| Analysis of cash and cash equivalents | | |
| Cash at bank | 495,858 | 412,512 |
| Cash in hand | 109,065 | 112,386 |
| | 604,923 | 524,898 |

Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Notes to financial statements for the year ended March 31, 2016
(Amounts expressed in Hong Kong dollars)

1. Corporate information

Seeds Of Art Charity Foundation Company Limited (the "association") is a limited company incorporated in Hong Kong. The address of its registered office and principal place of business is Unit 406, 4/F., Citylink Plaza, Shatin, New Territories, Hong Kong. The association is limited by guarantee and not having a share capital.

The income and property of the association, whatever and whenever derived, shall be applied solely towards the promotion of the objects of the association as set forth in its Articles of Association, and no portion thereof shall be payable to the members of the association. The maximum amount of undertaking guaranteed by each member is not exceeding HK\$1.

The principal activities of the association are to provide assistance to students in rural mountain areas in Mainland China and assistance to vulnerable groups such as the elderly, young people and children in Hong Kong to solve their poverty and suffering difficulties.

2. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

a) Revenue recognition

- i) Donations income is recognised when monies are received or receivable with reasonable certainty.
- ii) Charity activities income is recognised when monies are received or receivable with reasonable certainty.
- iii) Membership fee income is recognised when monies are received or receivable with reasonable certainty.
- iv) Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.
- v) Other incomes are recognised when it is probable that the economic benefits associated with the transactions will flow to the association and the amount of the revenue can be measured reliably.

Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Notes to financial statements for the year ended March 31, 2016
(Amounts expressed in Hong Kong dollars)

(cont'd)

2. Basis of preparation and accounting policies (cont'd)

b) Trade receivables

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

c) Trade payables

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

d) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined as below :

- i) A person or a close member of that person's family is related to the association if that person (1) is a member of the key management personnel of the association or of a parent of the association ; (2) has control over the association; or (3) has joint control or significant influence over the association or has significant voting power in the association.
- ii) An entity is related to the association if any of the following conditions applies : (1) the entity and the association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others), (2) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member), (3) both entities are joint ventures of a third entity, (4) either entity is a joint venture of a third entity and the other entity is an associate of the third entity, (5) the entity is a post-employment benefit plan for the benefit of employees of either the association or an entity related to the association, and, if the association is itself such a plan, the sponsoring employers are also related to the plan, (6) the entity is controlled or jointly controlled by a person identified in (i), (7) a person identified in (i)(1) has significant voting power in the entity.

Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Notes to financial statements for the year ended March 31, 2016
(Amounts expressed in Hong Kong dollars)

(cont'd)

2. Basis of preparation and accounting policies (cont'd)

e) Cash and cash equivalents

Cash and cash equivalents include 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 in the statement of financial position.

f) Foreign currency translation

The financial statements are presented in Hong Kong Dollar, which is the association's functional and presentation currency.

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.

g) Provisions

Provisions are recognised when the association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the association expects a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain.

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 of economic benefits is remote.

h) Impairment of non-financial assets, other than stocks

At each reporting date, non-financial assets other than stocks 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 profit or loss.

Seeds Of Art Charity Foundation Company Limited
藝術扶苗慈善基金會有限公司

Notes to financial statements for the year ended March 31, 2016
(Amounts expressed in Hong Kong dollars)

(cont'd)

2. Basis of preparation and accounting policies (cont'd)

h) Impairment of non-financial assets, other than stocks (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 (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. Executive committee members' remuneration

During the year, none of the executive committee members received any remuneration from the association (2015 - nil).

4. Income tax

The association is exempted from Hong Kong profits tax pursuant to Section 88 of the Inland Revenue Ordinance.

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