

**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, 2017**

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

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**Seeds Of Art Charity Foundation Company Limited**

**藝術扶苗慈善基金會有限公司**

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<b>Contents</b>	<b>Pages</b>
Report of the executive committee members	1 - 2
Report of the independent auditor	3 - 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in funds	8
Statement of cash flows	9
Notes to the financial statements	10 - 13

**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**

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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, 2017.

**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, 2017 and the state of the association's affairs as at that date are set out in the financial statements on pages 6 to 13.

**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	
Chan Kit Yeng Stella	
Chek Ping Cheong	
Kwok Siu Ping	
Li Chi Hung	
Ting Lui	
Wong Lam	
Yick Wing Man	
Kwok Chun Hing James	(Appointed on May 15, 2017)
Sit Sa Sa	(Appointed on May 15, 2017)
Ng Hing Wai Wily	(Resigned on May 15, 2017)
To Chung Man	(Resigned on May 15, 2017)

In accordance with the association's Articles of Association, all existing 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 Hong Kong 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.

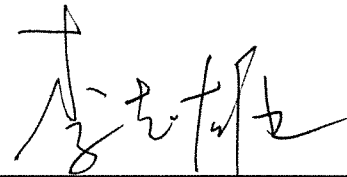
**5. Auditor**

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**

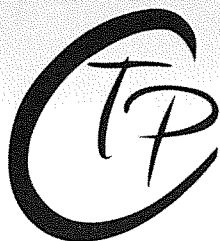
As at the date of this report, the executive committee members are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

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



\_\_\_\_\_  
**Li Chi Hung**  
**Chairman**

**Date : January 25, 2018**



**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)*

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**Opinion**

We have audited the financial statements of Seeds Of Art Charity Foundation Company Limited ("the Association") set out on pages 6 to 13, which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of changes in funds and 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 Association as at March 31, 2017, and of its financial performance and its 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 Association 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.

**Other Information**

The executive committee members are responsible for the other information. The other information comprises the information included in the report of the executive committee members, 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, 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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**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)*

### **Responsibilities of Executive committee members and Those Charged with Governance for the Financial Statements**

The executive committee members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the executive committee members 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 executive committee members are responsible for assessing the Association'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 council members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### **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 HKSA's 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 HKSA's, 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.

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**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)*

**Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- 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 Association'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 executive committee members' 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 Association'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 Association to cease to continue as a going concern.
- 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.

**Talent Partners CPA Limited**  
**Certified Public Accountants**  
**Liu Ka Yuen, Certificate No. P05121**

**Hong Kong : January 25, 2018**

**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, 2017**  
**(Amounts expressed in Hong Kong dollars)**

	Note	2017	2016
<b>Income</b>			
Donations income	(2a)	1,404,503	1,149,477
<b>Other revenue</b>			
Bank interest income	(2a)	229	447
Charity activities income	(2a)	290,355	42,450
Membership fee income	(2a)	1,020	3,220
		291,604	46,117
		1,696,107	1,195,594
<b>General and administrative expenses</b>			
Auditor's remuneration		( 7,500)	( 5,000)
Bank charges		( 350)	-
Charity activities expenses		( 836,556)	( 731,386)
Cleaning fee		( 424)	-
Company secretarial fees		( 2,330)	( 5,150)
Computer running expenses		( 7,005)	-
Courier and postage		( 1,290)	( 1,090)
Donations		( 376,258)	( 318,325)
Entertainment		( 17,673)	( 5,034)
Exchange loss	(2f)	( 12,887)	( 9,810)
Miscellaneous		( 44,861)	( 33,465)
Printing and stationery		( 15,757)	( 7,946)
Repairs and maintenance		( 740)	-
Telecommunication		-	( 5,644)
Transportation		( 12,009)	( 2,380)
Travelling		( 20,461)	( 709)
Venue expenses		-	( 1,510)
		( 1,356,101)	( 1,127,449)
<b>Surplus before taxation</b>		340,006	68,145
<b>Income tax</b>	(4)	-	-
<b>Surplus for the year</b>		340,006	68,145
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		340,006	68,145

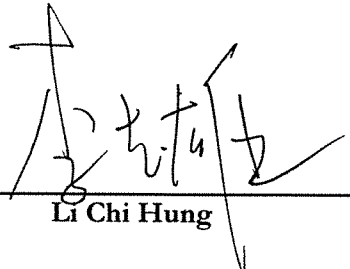


Seeds Of Art Charity Foundation Company Limited  
藝術扶苗慈善基金會有限公司

Statement of financial position as at March 31, 2017  
(Amounts expressed in Hong Kong dollars)

	2017	2016
<b>Current assets</b>		
Cash at bank	886,327	495,858
Cash in hand	60,082	109,065
<b>Total assets</b>	<u>946,409</u>	<u>604,923</u>
<b>Accumulated funds</b>		
Surplus carried forward	<u>938,909</u>	<u>598,903</u>
<b>Current liabilities</b>		
Membership fee received in advance	-	1,020
Accrued charges	<u>7,500</u>	<u>5,000</u>
	<u>7,500</u>	<u>6,020</u>
<b>Total funds and liabilities</b>	<u>946,409</u>	<u>604,923</u>

The financial statements on pages 6 to 13 were approved and authorised for issue by the executive committee on January 25, 2018 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, 2017  
(Amounts expressed in Hong Kong dollars)

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**Accumulated funds**

Balance as at April 1, 2015	530,758
Total comprehensive income	<u>68,145</u>
Balance as at March 31, 2016	598,903
Total comprehensive income	<u>340,006</u>
Balance as at March 31, 2017	<u><u>938,909</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, 2017**  
**(Amounts expressed in Hong Kong dollars)**

	2017	2016
<b>Cash flows from operating activities</b>		
Surplus before taxation	340,006	68,145
Adjustment for bank interest income	( 229)	( 447)
Operating surplus before working capital changes	339,777	67,698
Decrease in donation receivables	-	12,560
Decrease in membership fee received in advance	( 1,020)	( 1,180)
Increase in accrued charges	2,500	500
Cash generated from operations	341,257	79,578
Income tax paid	-	-
Net cash inflow from operating activities	341,257	79,578
<b>Cash flows from investing activities</b>		
Bank interest received	229	447
<b>Cash flows from financing activities</b>	-	-
<b>Increase in cash and cash equivalents</b>	341,486	80,025
<b>Cash and cash equivalents b/f</b>	604,923	524,898
<b>Cash and cash equivalents c/f</b>	946,409	604,923
<b>Analysis of cash and cash equivalents</b>		
Cash at bank	886,327	495,858
Cash in hand	60,082	109,065
	946,409	604,923

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

**Notes to the financial statements for the year ended March 31, 2017**  
**(Amounts expressed in Hong Kong dollars)**

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**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 the financial statements for the year ended March 31, 2017**  
**(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 the financial statements for the year ended March 31, 2017**  
**(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 the financial statements for the year ended March 31, 2017**  
**(Amounts expressed in Hong Kong dollars)**

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*(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 (2016 - 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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