

**SEEDS OF ART CHARITY FOUNDATION
COMPANY LIMITED**

藝術扶苗慈善基金會有限公司

REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



**CERTIFIED PUBLIC ACCOUNTANTS
健勤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

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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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 submit the report together with the audited financial statements for the year ended 31 March 2018.

Principal activity

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.

Results and appropriations

The results of the Association for the year are set out in the statement of comprehensive income on page 6.

Executive committee members

The executive committee members during the year and up to the date of this report were:

CHAN Chi Fai, Jeremy
CHAN Hoi Fung
CHAN Kit Yeng, Stella
CHEK Ping Cheong
KWOK Chun Hing, James
KWOK Siu Ping
LI Chi Hung
SIT Sa Sa
TING Lui
WONG Lam
YICK Wing Man

In accordance with the Association's Article 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, eligible, offer themselves for re-election.

(to be continued)

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 (continued)

Executive committee members' interests in contracts

No significant transactions, arrangements and contracts in relation to the Association's business to which the association was a party and in which executive committee members of the association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or existed during the year.

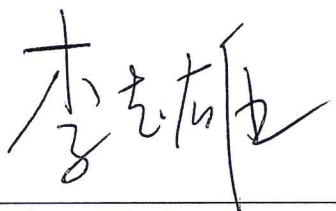
Business review

The Association falls within reporting exemption for the financial year. Accordingly, the Association is exempted from preparing a business review.

Auditors

Messrs. Talent Partners CPA Limited resigned as auditors of the Association and KSHK Certified Public Accountants Limited, were appointed in their place. A resolution will be submitted to the Annual Meeting of the association to re-appoint the auditor.

For and behalf of the Executive committee



LI Chi Hung
Chairman
Hong Kong, 31 January 2019



CERTIFIED PUBLIC ACCOUNTANTS
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Kowloon, Hong Kong

健勤會計師事務所有限公司 KSHK CERTIFIED PUBLIC ACCOUNTANTS LIMITED

**INDEPENDENT AUDITOR'S REPORT 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 by guarantee and not having a share capital)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Seeds of Art Charity Foundation Company Limited ("the Association") set out on pages 6 to 12 which comprise the statement of financial position as at 31 March 2018, 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 31 March 2018, and of its financial performance and its cashflows 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 ("HKSAAs") 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.

Information other than financial statements and auditors' report thereon

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.

(to be continued)



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健勤會計師事務所有限公司 KSHK CERTIFIED PUBLIC ACCOUNTANTS LIMITED

**INDEPENDENT AUDITOR'S REPORT 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 by guarantee and not having a share capital)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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 HKFRSs 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 director 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 responsibility 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. This report is made 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:

(to be continued)

健勤會計師事務所有限公司 KSHK CERTIFIED PUBLIC ACCOUNTANTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SEEDS OF ART CHARITY FOUNDATION COMPANY LIMITED**

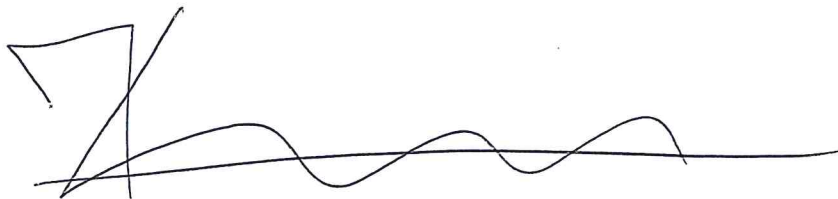
藝術扶苗慈善基金會有限公司

(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)**Auditor's responsibility for the audit of the financial statements (continued)**

- 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 executive committee members.
- 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.



KSHK Certified Public Accountants Limited
Certified Public Accountants (Practising)
Hong Kong, 31 January 2019

Fan Ho Kan
Practising Certificate Number P06759

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 31 MARCH 2018

(For management information purpose only)

	2018	2017
	HK\$	HK\$
REVENUE		
Bursary income	672,292	-
Donation income	1,543,097	1,404,503
	<u>2,215,389</u>	<u>1,404,503</u>
ADD: OTHER INCOME		
Charity activities income	6,459	290,355
Interest income	310	229
Membership fee income	-	1,020
	<u>6,769</u>	<u>291,604</u>
LESS: ADMINISTRATIVE EXPENSES		
Advertising	7,426	-
Auditor's remuneration	9,100	7,500
Bank charges	300	350
Bursary expenses	758,262	-
Charity activities expenses	1,228,899	836,556
Cleaning	480	424
Company secretarial fee	2,000	2,330
Computer expenses	13,336	7,005
Donations	23,240	376,258
Entertainment	21,450	17,673
Exchange loss	-	12,887
Insurance	2,658	-
Postage and couriers	21,210	1,290
Printing and stationery	17,965	15,757
Rental expenses	10,417	-
Repairs and maintenance	3,808	740
Staff messing	978	-
Sundry expenses	4,300	44,861
Telephone	3,982	-
Transportation	35,256	12,009
Travelling	-	20,461
	<u>2,165,067</u>	<u>1,356,101</u>
SURPLUS FOR THE YEAR	<u>57,091</u>	<u>340,006</u>

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

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 31 MARCH 2018

	<u>2018</u> HK\$	<u>2017</u> HK\$
CURRENT ASSETS		
Cash at bank	938,455	886,327
Cash in hand	<u>66,345</u>	<u>60,082</u>
TOTAL ASSETS	<u><u>1,004,800</u></u>	<u><u>946,409</u></u>
ACCUMULATED FUNDS		
Accumulated fund	<u>996,000</u>	<u>938,909</u>
CURRENT LIABILITIES		
Accruals	<u>8,800</u>	<u>7500</u>
TOTAL FUNDS AND LIABILITIES	<u><u>1,004,800</u></u>	<u><u>946,409</u></u>



LI Chi Hung
Executive Committee Member



CHAN Hoi Fung
Executive Committee Member

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

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 31 MARCH 2018

	<u>HK\$</u>
Balance as at 1 April 2016	598,903
Surplus for the year	<u>340,006</u>
Balance as at 31 March 2017	938,909
Surplus for the year	<u>57,091</u>
Balance as at 31 March 2018	<u><u>996,000</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 31 MARCH 2018

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
Cash flows from operating activities		
Surplus before taxation	57,091	340,006
Adjustment for:		
- Bank interest income	<u>(310)</u>	<u>(229)</u>
Operating surplus before changes in working capital	56,781	339,777
Decrease in membership fee received in advance	-	(1,020)
Increase in accrued charges	<u>1,300</u>	<u>2,500</u>
Cash generated from operating activities	58,081	341,257
Income tax paid	-	-
Net cash generated from operating activities	<u>58,081</u>	<u>341,257</u>
Cash flows from investing activities		
- Bank interest received	<u>310</u>	<u>229</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	58,391	341,486
Cash and cash equivalents at the beginning of the year	<u>946,409</u>	<u>604,923</u>
Cash and cash equivalents at the end of the year	<u>1,004,800</u>	<u>946,409</u>
Analysis of cash and cash equivalents		
Cast at bank	938,455	886,327
Cash in hand	<u>66,345</u>	<u>60,082</u>
	<u>1,004,800</u>	<u>946,409</u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

SEEDS OF ART CHARITY FOUNDATION COMPANY LIMITED
藝術扶苗慈善基金會有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION

Seeds of Art Charity Foundation Company Limited (the “Association”) is a limited by guarantee company incorporated in Hong Kong. The address of its registered office 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 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.

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The 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.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably, on the following basis:

- (i) Donation income is recognised when monies are received or receivable with reasonable certainty.
- (ii) Bursary income is recognised when monies are received or receivable with reasonable certainty.
- (iii) Charity activities 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) Membership fee income is recognised when monies are received or receivable with reasonable certainty.

SEEDS OF ART CHARITY FOUNDATION COMPANY LIMITED
藝術扶苗慈善基金會有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other payables

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

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and at bank, demand deposits with bank and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Taxation

The Association is a non-profit-making charitable organisation and the charge for Hong Kong taxation is exempted. Therefore, deferred taxation is not accounted for in these financial statements.

Provision and contingent liabilities

Provisions are recognised when the association has a present legal or constructive obligation as a result of part 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.

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 settlement of such transactions and from the translation at year ended exchange rates if monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

SEEDS OF ART CHARITY FOUNDATION COMPANY LIMITED
藝術扶苗慈善基金會有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of 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 party;
 4. either entity is a joint venture of a third party and the other entity is an associate of the third entity;
 5. the entity is a post-employment benefit plan for the 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 in (i)(1) has significant voting power in the entity.

3. EXECUTIVE COMMITTEE MEMBERS' REMUNERATION

During the year, none of the executive committee members received any remuneration from the association(2017:Nil).

4. TAXATION

No provision for Hong Kong Profit Tax has been made in the financial statements as there is no tax liability for the Association under Section 88 of the Inland Revenue Ordinance. Accordingly, no deferred tax has been accounted for.

5. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the Association's executive committee members on 31 January 2019.