

CHARITABLE CHOICE LIMITED

擇善坊有限公司

(incorporated in Hong Kong with liability limited by guarantee)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**



華德會計師事務所

CW CPA Certified Public Accountants

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DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 March 2019.

PRINCIPAL ACTIVITY

Charitable Choice Limited ("the Entity") is a non-profit-making entity. The Entity promotes the giving of charitable gifts and provides a secure platform for interactive philanthropy.

BUSINESS REVIEW

The Entity falls within the reporting exemption for the preparation of a business review. Accordingly, no business review has been prepared.

PRESENTATION OF FINANCIAL STATEMENTS

The Company qualifies under the Small and Medium-sized Entity Financial Reporting Framework (SME-FRF) to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS).

RESULTS

The results of the Entity for the year ended 31 March 2019 are set out on page 3 of the financial statements.

DONATIONS

During the year, the Entity made other donations amounted to HK\$678,778 (2018: HK\$900,498).

RESERVES

Details of the movements in reserves are disclosed in the statement of changes in general fund as set out on page 5 of the financial statements.

DIRECTORS

The directors during the year and up to the date of this report were:

Zhi Yi Sammy FANG	
Rowena Anne HOY	
Cheryl Ann WILSON	
Yu Jen Eugene HSIA	(appointed on 1 September 2018)
John William Peter SKINNER	(resigned on 31 August 2018)
Kit Shuen NG	(resigned on 31 August 2018)

In accordance with Articles 38 and 39 of the Entity's Articles of Association, all directors shall retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

DIRECTORS' REPORT (continued)

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for those as disclosed in note 9 to the financial statements, no other transactions, arrangements or contracts of significance in relation to the Entity's business to which the Entity was a party and in which a director of the Entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN THE UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At no time during the year was the Entity a party to any arrangements to enable the directors of the Entity to acquire benefits by means of the acquisition of shares in, or debentures of, the Entity or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Entity 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, was or is there, any permitted indemnity provision being in force for the benefit of any of the directors of the Entity.

HONORARY AUDITOR

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

On behalf of the board



Cheryl Ann WILSON
Chairman

HONG KONG, 29 NOV 2019

**INCOME STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 HK\$	2018 HK\$
Income			
Donation income from gift cards and online fundraising		726,730	958,105
Donation income received		39,281	709,638
Interest income		510	77
		<u>766,521</u>	<u>1,667,820</u>
Expenditure			
Charitable donations		(678,778)	(900,498)
Administrative and other operating expenses		(352,263)	(353,473)
		<u>(1,031,041)</u>	<u>(1,253,971)</u>
(Deficit) / Surplus before income tax		(264,520)	413,849
Income tax	5	-	-
(Deficit) / Surplus for the year		<u>(264,520)</u>	<u>413,849</u>

**STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2019**

	Note	2019 HK\$	2018 HK\$
ASSETS			
Non-current assets			
Intangible assets	6	187,989	285,708
Plant and equipment	7	1,383	3,043
		<u>189,372</u>	<u>288,751</u>
Current assets			
Other receivables		12,700	14,050
Bank balances		884,477	1,180,899
		<u>897,177</u>	<u>1,194,949</u>
Current liabilities			
Other payables		(270,637)	(403,268)
Net current assets		<u>626,540</u>	<u>791,681</u>
TOTAL ASSETS		<u>815,912</u>	<u>1,080,432</u>
EQUITY			
Accumulated fund		<u>815,912</u>	<u>1,080,432</u>
TOTAL EQUITY		<u>815,912</u>	<u>1,080,432</u>



Rowena Anne HOY
 Director



Zhi Yi Sammy FANG
 Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Accumulated fund HK\$
At 1 April 2017	666,583
Surplus for the year	<u>413,849</u>
At 31 March 2018	<u>1,080,432</u>
At 1 April 2018	1,080,432
Deficit for the year	<u>(264,520)</u>
At 31 March 2019	<u><u>815,912</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

- (a) Charitable Choice Limited (“the Entity”) is a non-profit-making entity and promotes the giving of charitable gifts and provides a secure platform for interactive philanthropy.
- (b) The Entity is incorporated in Hong Kong with liability limited by guarantee. The address of its registered office is Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai, Hong Kong.
- (c) These financial statements are presented in Hong Kong dollars (HK\$).

2 PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation and changes in accounting policies

The Company’s financial statements for the year ended 31 March 2019 are its first annual financial statements prepared under Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”). The Company applied Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute Certified Public Accountants (“HKICPA”) to prepare its financial statements prior to the application of the SME-FRS.

The date of transition is 1 April 2018 and the Company prepared its opening Statement of Financial Position in compliance with the SME-FRS at that date. Except for the changes in the presentation of financial statements and derecognition of deferred tax liability to be explained below, the transition from HKFRS to SME-FRS has no material effects to the Company’s financial performance and positions.

The adoption of SME-FRS from 1 April 2018 resulted in changes in accounting policies and adjustments to the amount recognized in the financial statements. The new accounting policy is set out in note 2.1 below.

The preparation of income statement has been changed in accordance with SME-FRS. In particular, the statement of profit or loss and other comprehensive income has been replaced by income statement, and the statement of cash flows has been removed.

The financial statements have been prepared under the historical cost convention.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Revenue recognition

(i) Donation income from gift cards and online fundraising

Donation income from gift cards is recognized when cash is received and redeemed, or at the expiry date of the card. The Entity offers Charitable Choice gift cards that a donor can purchase and redeem in exchange for donations to designated charities. Any balance not yet redeemed at the end of the reporting period would be transferred to deferred revenue. At the expiry date of the card, any remaining balance of the related deferred revenue would be donated to a default charity. Donation income from online fundraising pages is recognised when cash is received and redeemed, or at the expiry date of the individual fundraising page. The Entity offers individual website pages for fundraisers to solicit donations from friends and family for up to three charities designated by the fundraiser.

(ii) Interest income

Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

2.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses and are amortised on a systematic basis over their estimated useful lives using the straight-line method.

2.4 Plant and equipment

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

The depreciable amount of an item of property, 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:

Computer equipment	20%
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2.5 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 property, plant and equipment, intangible assets and long-term investments. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.6 Other receivables

Other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.8 Provisions

Provisions are recognized when the Entity has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.9 Income tax

Income tax represents current tax. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

2.10 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Entity is a non-profit making entity. The Entity's overall risk management programme focuses on minimizing the liquidity risk of the Entity.

The objective of the Entity is only to promote the giving of charitable gifts and provide a secure platform for interactive philanthropy support. Also, the Entity's major financial asset is bank balances in HK\$ kept at banks of major financial institution in Hong Kong only. Accordingly, its financial risk is perceived to be relatively low.

The Entity's objective when managing fund is to safeguard its ability to continue as a going concern. The Entity manages fund by regularly monitoring its current and expected liquidity requirements.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The directors aim to maintain sufficient funding by closely monitoring the expenditure spent.

Risk management is carried out by the directors under policies approved by the Board of Directors. The Board of Directors provides principles for overall risk management.

4 DIRECTORS' REMUNERATION

None of the directors received any emoluments in respect of their services rendered to the Entity during the year. (2018: nil)

5 INCOME TAX

The Entity is exempted from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 INTANGIBLE ASSETS

	Computer software HK\$
Cost	
At 1 April 2017	441,094
Additions	<u>95,000</u>
At 31 March 2018 and 2019	<u>536,094</u>
Accumulated amortization	
At 1 April 2017	152,667
Charge for the year	<u>97,719</u>
At 31 March 2018	250,386
Charge for the year	<u>97,719</u>
At 31 March 2019	<u>348,105</u>
Net book value	
At 31 March 2019	<u><u>187,989</u></u>
At 31 March 2018	<u><u>285,708</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 PLANT AND EQUIPMENT

	Computer equipment HK\$
Cost	
At 1 April 2017, at 31 March 2018 and at 31 March 2019	8,300
Accumulated depreciation	
At 1 April 2017	3,597
Charge for the year	1,660
At 31 March 2018	5,257
Charge for the year	1,660
At 31 March 2019	6,917
Net book value	
At 31 March 2019	1,383
At 31 March 2018	3,043

8 LEASE COMMITMENTS

	2019 HK\$	2018 HK\$
The total future minimum lease payments under non-cancellable operating leases at 31 March are payable as follows :-		
<u>Rented premises</u>		
- within one year	66,000	132,000
- after one year but within five years	-	66,000
	<u>66,000</u>	<u>198,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Entity entered into the following material related party transactions during the year :

	2019 HK\$	2018 HK\$
<u>Cheryl Ann WILSON</u> Donation received	-	6,225
<u>The Landing Pad Limited</u> Rental fee paid to	132,000	132,000

- (b) Members of key management during the year comprised only of the directors who did not receive any remuneration from the Entity.

10 MEMBERS' LIABILITY

Every Member of the Entity undertakes to contribute to the assets of the Entity, in the event of its being wound up while he is a member, or within one year after ceasing to be a member, for payment of the debts and liabilities of the Entity contracted before he ceases to be a Member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding HK\$5,000.

11 APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 3 to 12 were approved and authorized for issue by the board of directors on **29 NOV 2019**.



Partners

黃華榮 執業會計師
THOMAS W S WONG, FCPA (Practising)

蔡懿德 執業會計師
ROSANNA Y T CHOI, FCPA (Practising)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHARITABLE CHOICE LIMITED

擇善坊有限公司

(incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of Charitable Choice Limited ("the Entity") set out on pages 3 to 12, which comprise the statement of financial position as at 31 March 2019, and the income statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") 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") and with reference to PN900 (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 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, 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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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARITABLE CHOICE LIMITED (continued)

Responsibilities of directors for the financial statements

The directors 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 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.

The directors are responsible for overseeing the Company'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. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHARITABLE CHOICE LIMITED (continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

- 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.

We communicate with the directors 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.



CW CPA
Certified Public Accountants

HONG KONG, 29 NOV 2019