

Report of the Directors and Audited Financial Statements

Community Spirit Charity Limited

社群心慈善有限公司

(Incorporated in Hong Kong with liability limited by guarantee)

For the year ended 31 December 2022

COMMUNITY SPIRIT CHARITY LIMITED

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COMMUNITY SPIRIT CHARITY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Community Spirit Charity Limited ("the Association") for the year ended 31 December 2022.

Principal activity

During the year, the principal activities of the Association were to bring comfort and care to the elderly, to improve their quality of living especially to those lacking family or social network by conducting social activities including distribution of fortune food bags through regular home visits.

Business review

During the year, the Association falls within the reporting exemption in accordance with section 388(3)(a) of the Hong Kong Companies Ordinance (Cap. 622), therefore the directors is exempted from the reporting requirement of business review under schedule 5 of the Hong Kong Companies Ordinance (Cap. 622).

Results and appropriations

The financial performance of the Association for the year ended 31 December 2022 and its financial position at that date are set out in the financial statements on pages 6 to 13.

Pursuant to the Memorandum of Association, no portion of the income or property of the Association shall be paid by way of dividend, bonus, loan or otherwise to the members of the Association.

Directors

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

Ho Chung Tung
Leung Kwok On
Po Ah Yee

In accordance with articles of the Association's articles of association, the directors will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

The Association has not entered into any contract, commitment or agreement with any other company in which any director or member of the Association's management has interest, either directly or indirectly nor has the Association made any arrangement to enable any director or member of the Association's management to obtain benefits by means of the acquisition of shares in, or debentures of the Association or any other body corporate.

Management contracts

Other than contract of service with the director or any person engaged in full time employment of the Association, 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.

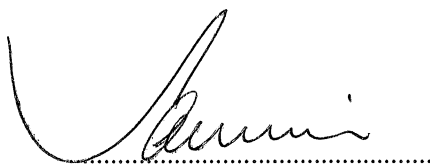
COMMUNITY SPIRIT CHARITY LIMITED

REPORT OF THE DIRECTORS (continued)

Auditors

During the year, Messrs. Y.Y. Chui & Co., Certified Public Accountant (Practising) resigned as auditors of the Company and Messrs. Chan Ying Lun, Certified Public Accountant (Practising) was appointed by the director to fill the casual vacancy so arising. A resolution for the reappointment of Messrs. Chan Ying Lun, Certified Public Accountant (Practising) as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



Leung Kwok On
Director

Hong Kong
- 3 SEP 2023

Independent auditor's report
To the members of Community Spirit Charity Limited
(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of Community Spirit Charity Limited ("the Association") set out on pages 6 to 13, which comprise the statement of financial position as at 31 December 2022 and the income and expenditure statement and the statement of change in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Association are prepared, in all material respects, in accordance with the 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 Practice Note 900 (Revised), *Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard* 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 the financial statements and auditor's report thereon

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

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.

Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS 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.

Independent auditor's report (continued)
To the members of Community Spirit Charity Limited
(Incorporated in Hong Kong with liability limited by guarantee)

Responsibilities of directors and those charged with governance for the financial statements (continued)

In preparing the financial statements, the directors 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 directors 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. 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. I 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:

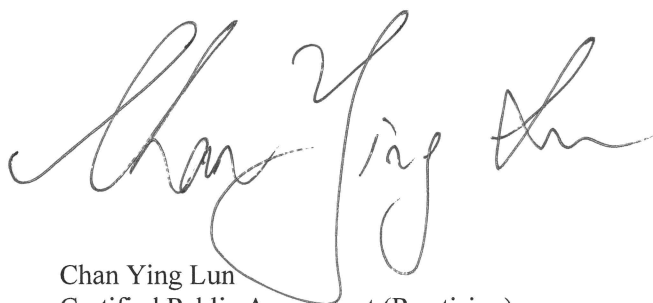
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.
- 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.

Independent auditor's report (continued)
To the members of Community Spirit Charity Limited
(Incorporated in Hong Kong with liability limited by guarantee)

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 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.

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.



Chan Ying Lun
Certified Public Accountant (Practising)

Hong Kong
- 3 SEP 2023

COMMUNITY SPIRIT CHARITY LIMITED
INCOME AND EXPENDITURE STATEMENT

For the year ended 31 December 2022

| | Notes | 2022 HK\$ | 2021 HK\$ |
|-------------------------------|-------|------------------|------------------|
| INCOME | 4 | <u>239,687</u> | <u>251,672</u> |
| EXPENDITURE | | | |
| Direct charitable expenditure | | (215,411) | (216,553) |
| Administrative expenses | | <u>(56,709)</u> | <u>(51,560)</u> |
| DEFICIT FOR THE YEAR | 5 | <u>(32,433)</u> | <u>(16,441)</u> |

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

COMMUNITY SPIRIT CHARITY LIMITED

STATEMENT OF FINANCIAL POSITION

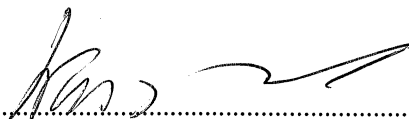
As at 31 December 2022

| | Notes | 2022 HK\$ | 2021 HK\$ |
|-----------------------------------|-------|-----------------|-----------------|
| CURRENT ASSETS | | | |
| Deposit and prepayment | | 48,328 | 20,456 |
| Time deposit | | 220,000 | 220,000 |
| Cash and bank balances | | <u>154,958</u> | <u>212,263</u> |
| Total current assets | | <u>423,286</u> | <u>452,719</u> |
| LESS: CURRENT LIABILITIES | | | |
| Accruals | | <u>(9,000)</u> | <u>(6,000)</u> |
| Total current liabilities | | <u>(9,000)</u> | <u>(6,000)</u> |
| NET CURRENT ASSETS AND NET ASSETS | | <u>414,286</u> | <u>446,719</u> |
| EQUITY | | | |
| Retained surplus | | <u>414,286</u> | <u>446,719</u> |

Approved on behalf of the Board by:



.....
Leung Kwok On
Director



.....
Ho Chun Tung
Director

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

COMMUNITY SPIRIT CHARITY LIMITED

STATEMENT OF CHANGE IN EQUITY

For the year ended 31 December 2022

| | Notes | Retained earnings HK\$ | Total HK\$ |
|---|-------|------------------------------|----------------|
| Balance as at 1 January 2021 | | 463,160 | 463,160 |
| Deficit for the year | | (16,441) | (16,441) |
| Balance as at 31 December 2021 and 1 January 2022 | | 446,719 | 446,719 |
| Deficit for the year | | (32,433) | (32,433) |
| Balance as at 31 December 2022 | | <u>414,286</u> | <u>414,286</u> |

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

COMMUNITY SPIRIT CHARITY LIMITED

ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 April 2022 to 31 December 2022 (date of cessation)

1. REPORTING ENTITY

Community Spirit Charity Limited is a company incorporated in Hong Kong with limited liability. The Association's registered office is located at LC06, 3/F, Block A, Hong Kong (Chai Wan) Industrial Building, No. 26 Lee Chung Street, Chai Wan, Hong Kong.

During the year, the principal activities of the Association were to bring comfort and care to the elderly, to improve their quality of living especially to those lacking family or social network by conducting social activities including distribution of fortune food bags through regular home visits.

2 BASIS OF PREPARATION

The Association qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern.

The measurement base adopted is the historical cost convention.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

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:

- a) Membership fee income is recognized on an accrual basis;
- b) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable; and
- c) Donation income is recognised on receipts of cash.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

COMMUNITY SPIRIT CHARITY LIMITED

ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 April 2022 to 31 December 2022 (date of cessation)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

Related parties

A party is considered to be related to the Association if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Association;
- (ii) has significant influence over the Association; or
- (iii) is a member of the key management personnel of the Association or of a parent of the Association;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Association are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Association 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 Association or an entity related to the Association;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (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).

COMMUNITY SPIRIT CHARITY LIMITED

ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 April 2022 to 31 December 2022 (date of cessation)

4. INCOME

An analysis of the Association's income is as follows:

| | 2022 HK\$ | 2021 HK\$ |
|-----------------------|-----------------------|-----------------------|
| <u>Income</u> | | |
| Donation income | 235,418 | 249,818 |
| Interest income | 1,869 | 1,154 |
| Membership fee income | <u>2,400</u> | <u>700</u> |
| | <u><u>239,687</u></u> | <u><u>251,672</u></u> |

5. DEFICIT BEFORE TAX

The Association's deficit for the year is arrived at after charging the following during the year.

| | 2022 HK\$ | 2021 HK\$ |
|---|---------------|---------------|
| Auditor's remuneration | 3,000 | 6,000 |
| Operating lease rentals on land and buildings | <u>42,000</u> | <u>42,000</u> |

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

| | 2022 HK\$ | 2021 HK\$ |
|------------------|-----------------|-----------------|
| Fees | - | - |
| Other emoluments | <u>-</u> | <u>-</u> |
| | <u><u>-</u></u> | <u><u>-</u></u> |

COMMUNITY SPIRIT CHARITY LIMITED

ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 April 2022 to 31 December 2022 (date of cessation)

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Association is exempt from tax under Section 88 of the Inland Revenue Ordinance.

8. COMMITMENTS UNDER OPERATING LEASES

The company had the following total future minimum lease payments payable under non-cancellable operating leases:

| | 2022 HK\$ | 2021 HK\$ |
|-------------------------|---------------|---------------|
| Not later than one year | 42,000 | 38,500 |
| Later than one year | <u>38,500</u> | <u>-</u> |
| | <u>81,742</u> | <u>38,500</u> |

9. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Association's Board of Directors on - 3 SEP 2023

COMMUNITY SPIRIT CHARITY LIMITED

社群心慈善有限公司

(Incorporated in Hong Kong with liability limited by guarantee)

THE FOLLOWING DETAILED STATEMENT OF COMPREHENSIVE INCOME HAS
BEEN PREPARED FOR MANAGEMENT PURPOSE ONLY AND DOES NOT FORM PART OF THE
AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2022

COMMUNITY SPIRIT CHARITY LIMITED

DETAILED INCOME STATEMENT

For the year ended 31 December 2022

For management purpose only

| | 2022 HK\$ | 2021 HK\$ |
|-------------------------------------|-------------------|-------------------|
| INCOME | | |
| Donation income | 235,418 | 249,818 |
| Bank interest income | 1,869 | 1,154 |
| Membership fee income | 2,400 | 700 |
| | <u>239,687</u> | <u>251,672</u> |
| DIRECT CHARITABLE EXPENDITURE | | |
| Fortune food bags for elderly | (204,383) | (203,437) |
| Transportation | (11,028) | (13,116) |
| | <u>(215,411)</u> | <u>(216,553)</u> |
| AMINISTRATIVE EXPENSES | | |
| Auditor's remuneration | (3,000) | (6,000) |
| Bank charges | (1,560) | (819) |
| Printing, stationery and postage | (66) | (339) |
| Rental for warehouse and postbox | (42,000) | (42,000) |
| Secretarial fee and sundry expenses | (10,083) | (2,402) |
| | <u>(56,709)</u> | <u>(51,560)</u> |
| DEFICIT FOR THE YEAR | <u>(32,433)</u> | <u>(16,441)</u> |