

J LIFE FOUNDATION LIMITED
(Limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017

W. M. MOO
certified public accountant

毛偉文執業會計師

J LIFE FOUNDATION LIMITED
(Limited by guarantee)

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is a limited company incorporated in Hong Kong. The registered office of the company is located at Flat G, 1/F., Cheong Wah Building, 203-211 Nam Cheong Street, Shamshuipo, Kowloon, Hong Kong.

The principal activities of the company are to help the underprivileged by providing food, daily necessities, education, resource consulting and life skills education.

RESULTS AND APPROPRIATIONS

The results of the company for the year are set out on page 5 of the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 6 to the financial statements.

DIRECTORS

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

Wan Wai Ming
Chan Fan
Chan Chi Leung

(Appointed on 28 April 2017)

In accordance with Articles 38 and 39 of the company's Articles of Association, all directors shall retire from office and eligible for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE DEBT SECURITIES

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

MANAGEMENT CONTRACTS

No substantial contracts concerning the management and administration of the company were entered into or existed during the year.

AUDITOR

The financial statements have been audited by Messrs W. M. Moo who retires and, being eligible, offers himself for re-appointment.

On behalf of the board



Director

Hong Kong, 19 September 2018

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF J LIFE FOUNDATION LIMITED
(Limited by guarantee)
(Incorporated in Hong Kong with limited liability)**

Opinion

I have audited the financial statements of J Life Foundation Limited ("the Company") set out on pages 5 to 10, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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

I conducted my audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The directors of the Company are responsible for the other information. The other information comprises all information included in the directors' report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I 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 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.
- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company 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.

I 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 I identify during my audit.



W. M. Moo
Certified Public Accountant

Hong Kong, 19 September 2018

J LIFE FOUNDATION LIMITED
(Limited by guarantee)


INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017

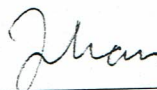
| | | 2016 |
|---|------------------|------------------|
| | HK\$ | HK\$ |
| Income | | |
| Donations received | 3,779,706 | 3,277,362 |
| Program income | 1,223,495 | - |
| Interest income | 90 | 40 |
| Sundry income | <u>345</u> | <u>-</u> |
| | 5,003,636 | 3,277,402 |
| | ----- | ----- |
| Less: Expenditure | | |
| Audit fee | 6,000 | 6,000 |
| Bank charges and interest | 1,063 | 821 |
| Depreciation | 45,629 | 32,864 |
| Entertainment | - | 629 |
| Event expenses | 417,084 | 849,721 |
| Exchange loss | - | 173 |
| Insurance | 5,879 | 1,420 |
| Legal and professional fees | 12,605 | 12,605 |
| Membership | 3,300 | - |
| Messing | 6,372 | 832 |
| MPF | 28,349 | 34,700 |
| Printing and stationery | 9,243 | 1,523 |
| Program expenses | 690,884 | - |
| Rent, rates and building management fee | 734,882 | 454,690 |
| Repairs and maintenance | 926 | 6,380 |
| Salaries | 629,000 | 701,200 |
| Sundry expenses | 16,331 | 17,753 |
| Telephone | 8,588 | 10,323 |
| Travelling | 25,567 | 17,602 |
| Tutor fee | 48,980 | 93,780 |
| Utilities | <u>29,268</u> | <u>38,330</u> |
| | 2,719,950 | 2,281,346 |
| | ----- | ----- |
| Surplus for the year as previously reported | 2,283,686 | 996,056 |
| Prior year adjustment | <u>-</u> | (180,000) |
| Surplus for the year restated | 2,283,686 | 816,056 |
| Balance brought forward | <u>2,347,701</u> | <u>1,531,645</u> |
| Balance carried forward | <u>4,631,387</u> | <u>2,347,701</u> |
| | ===== | ===== |

J LIFE FOUNDATION LIMITED
(Limited by guarantee)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

| | | | 2016 |
|----------------------------------|------|------------------|------------------|
| | Note | HK\$ | HK\$ |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 52,870 | 47,439 |
| | | ----- | ----- |
| Current assets | | | |
| Deposits paid and prepayments | | 136,319 | 60,500 |
| Other receivable | | 5,000 | - |
| Program expenses prepaid | | 102,204 | - |
| Cash at bank | | <u>6,141,772</u> | <u>2,550,959</u> |
| | | 6,385,295 | 2,611,459 |
| | | ----- | ----- |
| Less: Current liabilities | | | |
| Accruals | | 17,400 | 131,197 |
| Receipts in advance | | <u>1,789,378</u> | <u>180,000</u> |
| | | 1,806,778 | 311,197 |
| | | ----- | ----- |
| Net current assets | | <u>4,578,517</u> | <u>2,300,262</u> |
| | | ----- | ----- |
| | | <u>4,631,387</u> | <u>2,347,701</u> |
| | | ===== | ===== |
| RESERVES | | | |
| Accumulated surplus | | <u>4,631,387</u> | <u>2,347,701</u> |
| | | ===== | ===== |


Director


Director

J LIFE FOUNDATION LIMITED
(Limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

| | 2016 | |
|---|------------------|------------------|
| | HK\$ | HK\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating results for the year | 2,283,686 | 996,056 |
| Interest paid | 33 | 33 |
| Interest income | (90) | (40) |
| Depreciation | <u>45,629</u> | <u>32,864</u> |
| Operating results before working capital changes | 2,329,258 | 1,028,880 |
| Increase in deposits paid and prepayments | (75,819) | - |
| Increase in other receivable | (5,000) | - |
| Increase in program expenses prepaid | (102,204) | - |
| Increase/ (Decrease) in accruals | (113,797) | 20,222 |
| Increase in receipts in advance | <u>1,609,378</u> | <u>-</u> |
| Cash generated from operating activities | 3,641,816 | 1,049,102 |
| Interest paid | <u>(33)</u> | <u>-</u> |
| NET CASH FROM OPERATING ACTIVITIES | <u>3,641,783</u> | <u>1,049,102</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments to acquire property, plant and equipment | (51,060) | (25,952) |
| Interest received | <u>90</u> | <u>40</u> |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(50,970)</u> | <u>(25,912)</u> |
| INCREASE IN CASH AND CASH EQUIVALENTS | 3,590,813 | 1,023,190 |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | <u>2,550,959</u> | <u>1,527,769</u> |
| CASH AND CASH EQUIVALENTS AT 31 DECEMBER | <u>6,141,772</u> | <u>2,550,959</u> |
| ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS | | |
| Cash at bank | <u>6,141,772</u> | <u>2,550,959</u> |

J LIFE FOUNDATION LIMITED
(Limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company is a limited company incorporated in Hong Kong. The registered office of the company is located at Flat G, 1/F., Cheong Wah Building, 203-211 Nam Cheong Street, Shamshuipo, Kowloon, Hong Kong.

The principal activities of the company are to help the underprivileged by providing food, daily necessities, education, resource consulting and life skills education.

2 LEGAL STATUS

The company is limited by guarantee and not having a share capital. The liability of each of its members, in the event of its being wound up while he is a member or within one year after he ceased to be a member for payment of the debts and liabilities of the company contracted before he ceases to be a member, and costs, charges and expenses of winding up, and for the adjustment of right of the contributories among themselves, is limited to an amount not exceeding HK\$100.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance costs, is normally charged to the statement of income and retained earnings in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

Depreciation is calculated on a straight line method at the following rates to write off the costs of the assets over their estimated useful lives.

| | |
|-------------------------|----------|
| Furniture and equipment | 25% p.a. |
| Leasehold improvement | 25% p.a. |

(b) Impairment of non-financial assets, other than inventories

At each reporting date, property, plant and equipment, investment properties, intangible assets, and investments in a subsidiary and an associate 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.

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 (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(c) Cash equivalents

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from date of the advances.

(d) Revenue recognition

Donation received and program income are recognized on receipt basis.

Interest income is recognized on the time proportion basis taking into account the principal outstanding and the effective rate of interest applicable.

(e) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payments under operating leases are charged to the income and expenditure account on a straight line basis over the period of the relevant leases.

4 TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the company is entitled to exemption under Section 88 of the Inland Revenue Ordinance with effect from 26 July 2013.

5 DIRECTORS' REMUNERATION

The directors did not receive any remuneration for their services rendered to the company during the year. (2016:Nil)

6 PROPERTY, PLANT AND EQUIPMENT

| | Furniture and equipment | Leasehold improvement | Total |
|--------------------------|----------------------------|--------------------------|---------------|
| | HK\$ | HK\$ | HK\$ |
| Cost | | | |
| At 1.1.2017 | 101,456 | 30,000 | 131,456 |
| Additions | <u>1,180</u> | <u>49,880</u> | <u>51,060</u> |
| At 31.12.2017 | 102,636 | 79,880 | 182,516 |
| | ----- | ----- | ----- |
| Accumulated depreciation | | | |
| At 1.1.2017 | 61,517 | 22,500 | 84,017 |
| Charge for the year | <u>25,659</u> | <u>19,970</u> | <u>45,629</u> |
| At 31.12.2017 | 87,176 | 42,470 | 129,646 |
| | ===== | ===== | ===== |
| Net book value | | | |
| At 31.12.2017 | 15,460 | 37,410 | 52,870 |
| | ===== | ===== | ===== |
| At 31.12.2016 | 39,939 | 7,500 | 47,439 |
| | ===== | ===== | ===== |

7 OPERATING LEASE COMMITMENTS

Minimum lease payments paid under operating leases for rented properties during the year amounted to HK\$716,532. (2016:HK\$436,000)

At 31 December 2017, the company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | 2016 | |
|---------------------------------------|---------------|----------------|
| | HK\$ | HK\$ |
| Within one year | 626,532 | 412,500 |
| In the second to fifth year inclusive | <u>52,500</u> | <u>210,000</u> |
| | 679,032 | 622,500 |
| | ===== | ===== |

8 PRIOR YEAR ADJUSTMENT

In previous year, certain donations receipt in advance were wrongly classified as income. Adjustments is made to reallocate them as receipt in advance.

9 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board of directors on 19 September 2018.