

**POWER OF LOVE**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

譚區會計師事務所  
**TAM, AU & CO.**  
**Certified Public Accountants (Practising)**

**POWER OF LOVE**  
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**FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **POWER OF LOVE**

### **REPORT OF THE EXECUTIVE COMMITTEE MEMBERS**

The executive committee members have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2019.

#### **Principal place of business**

The Association is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 1/F., Success Commercial Building, 245-251 Hennessy Road, Wanchai, Hong Kong.

#### **Principal activities**

The principal activities of the Association is to construct, establish and fund non-profit making school or educational institution for providing education or training to the poor or necessitous persons; to support the disadvantaged, which includes the elderly, poor families and children, as well as patients suffering from chronic illnesses.

#### **Results**

The surplus of the Association for the year ended 31 December 2019 and the state of the Association's affairs at that date are set out in the attached financial statements.

#### **Executive committee members**

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

Cheng Kwok Sing, Julio

Tam Siu Wai

Lam Suk Tong, Ivy

Lai Yuk Ling, Elaine (resigned on 31/12/2019)

Pang, Phyllis

In accordance with clause 32 of the Association's Articles of Association, all the existing committee members retire from the committee at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

#### **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.

#### **Permitted indemnity**

At no time during the financial year and up to the date of this Executive Committee Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the executive committee member of the Association.

#### **Auditors**

The financial statements have been audited by Tam, Au & Co., Certified Public Accountants (Practising), who retire and, being eligible, offer themselves for re-appointment.

On behalf of the executive committee



CHAIRMAN

(Lam Suk Tong, Ivy)

Hong Kong, 30 October 2020



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
POWER OF LOVE**

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

**Opinion**

We have audited the financial statements of Power of Love ("the Association") set out on pages 5 to 10, which comprise the statement of financial position as at 31 December 2019, and the income statement 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**

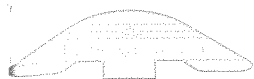
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the HKICPA. Our responsibilities under 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 executive committee members are responsible for the other information. The other information comprises all information included in the executive committee 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
POWER OF LOVE**  
(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 in accordance with the SME-FRS 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 executive committee 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. Our report is made solely to you 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 judgement 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 expression 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 executive committee members.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
POWER OF LOVE**  
(continued)

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

- 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.

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.

TAM, AU & CO.

Certified Public Accountants (Practising)

Hong Kong, 30 October 2020

**POWER OF LOVE**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 HK\$	2018 HK\$
<b>Income</b>			
Donations received		1,447,111	1,821,486
Interest received		47,506	45,983
Dividend received		32,944	21,690
Sundry income		---	40,800
Fund arising event		208,757	---
		1,736,318	1,929,959
<b>Project expenses</b>	3	(1,221,640)	(2,045,253)
<b>Operating expenses</b>			
Administration fee		(51,000)	(102,500)
Bank charges		(5,203)	(6,463)
MPF contribution		(4,930)	---
Printing and postage		(1,360)	(1,231)
Rental		(14,580)	(13,608)
Salary		(77,425)	---
Stationery		(5,734)	---
Sundry expenses		(9,244)	(6,986)
Telephone and internet		(590)	(4,782)
		<u>(170,066)</u>	<u>(135,570)</u>
<b>Surplus/(deficit) before tax</b>		344,612	(250,864)
<b>Income tax expenses</b>	4	<u>---</u>	<u>---</u>
<b>Surplus/(deficit) for the year</b>		<u><u>344,612</u></u>	<u><u>(250,864)</u></u>


The notes on pages 8 to 10 are part of these financial statements.


**POWER OF LOVE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 HK\$	2018 HK\$
<b>Non-current assets</b>			
Listed investments	5	700,169	654,285
<b>Current assets</b>			
Cash at banks		<u>3,724,744</u>	<u>3,426,016</u>
		<u>4,424,913</u>	<u>4,080,301</u>
<b>Equity</b>			
Accumulated surplus		3,667,526	3,330,229
Renal patients fund	6	333,164	374,408
3B India Service Fund	7	384,223	375,664
Building school fund		<u>40,000</u>	<u>---</u>
<b>Total equity</b>		<u>4,424,913</u>	<u>4,080,301</u>

The notes on pages 8 to 10 are part of these financial statements.

Approved and authorised for issue by the executive committee on 30 October 2020.

  
 CHAIRMAN  
 (Lam Suk Tong, Ivy)

  
 TREASURER  
 (Tam Siu Wai)



**POWER OF LOVE**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Accumulated surplus HK\$	Renal patients Fund HK\$	Building School Fund HK\$	3B India Service Fund HK\$	Total HK\$
Balance at 31 December 2017	3,516,813	362,668	---	451,684	4,331,165
Fund raised during year	1,392,166	240,000	145,793	152,000	1,929,959
Fund used for projects during year	(1,401,004)	(228,260)	(187,970)	(228,020)	(2,045,254)
Operating expenses during year	(135,569)	---	---	---	(135,569)
Transfer to accumulated surplus	(42,177)	---	42,177	---	---
Balance at 31 December 2018	3,330,229	374,408	---	375,664	4,080,301
Fund raised during year	1,483,158	---	200,000	53,160	1,736,318
Fund used for projects during year	(975,795)	(41,244)	(160,000)	(44,601)	(1,221,640)
Operating expenses during year	(170,066)	---	---	---	(170,066)
Balance at 31 December 2019	<u>3,667,526</u>	<u>333,164</u>	<u>40,000</u>	<u>384,223</u>	<u>4,424,913</u>

The notes on pages 8 to 9 are part of these financial statements.

**POWER OF LOVE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. Reporting entity**

The Association is a limited liability company incorporated and domiciled in Hong Kong. The addresses of the registered office and principal place of business are disclosed in the introduction to the annual report.

The principal activities of the Association is to construct, establish and fund non-profit making school or educational institution for providing education or training to the poor or necessitous persons; to support the disadvantaged, which includes the elderly, poor families and children, as well as patients suffering from chronic illnesses.

**2. Summary of significant accounting policies**

**a. Basis of preparation**

The Association qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622). The Association is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (the "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 Association is a going concern.

The measurement base adopted is the historical cost convention.

**b. Revenue recognition**

- i. Donations are recognised as income when received.
- ii. Income from project and activities are recognised when the project and activities are completed.
- iii. Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

**c. Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases net of any incentives received from the lessor are charged to the income statement on a straight line method over the lease terms. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

**d. Listed investments**

For investments quoted in an active market, the market value of an investment is based on the current bid price. The listed investment are stated at cost and the impairment loss on revaluation were charged to income statement.

**POWER OF LOVE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Summary of significant accounting policies**

d. Foreign currencies translation

i. Reporting and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the reporting currency). The Association's financial statements are presented in Hong Kong Dollars, which is the Association's reporting and the presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the reporting 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 transactions at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in income statement.

<b>3. <u>Project expenses</u></b>	2019 HK\$	2018 HK\$
Project for rebuilding school in China	160,000	187,970
Renal patients service	41,244	228,260
3B India Service	44,601	228,020
Miscellaneous services	975,795	1,401,004
	<u>1,221,640</u>	<u>2,045,254</u>

**4. Income tax expenses**

No Hong Kong profits tax has been provided for in the financial statements as the Association is exempted from Hong Kong profits tax pursuant to Section 88 of the Inland Revenue Ordinance. (2018: Nil)

**5. Listed investments**

At cost		
Listed equity	<u>700,169</u>	<u>654,285</u>
Market value	<u>635,240</u>	<u>588,740</u>

**POWER OF LOVE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**6. Renal patients fund**

The fund is reserved for providing financial assistance to renal patients.

**7. 3B Indian Service Fund**

It represented the net fund for service in India.

**8. Key management remuneration**

No emolument, whatsoever, has been paid or payable to the key management during the year under review (2018: Nil).

**9. Lease commitment**

As at the report date, there was no lease commitment exist (2018: Nil).