

POWER OF LOVE
愛心力量
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS	PAGES
REPORT OF THE COUNCILLORS	1
INDEPENDENT AUDITOR'S REPORT	2 - 4
INCOME STATEMENT	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN EQUITY	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 10

POWER OF LOVE
REPORT OF THE COUNCILLORS

The Councillors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2022.

Councillors

The Councillors of the Association during the financial year and up to the date of this report are:

Cheng Kwok Sing, Julio
Lam Suk Tong, Ivy
Pang, Phyllis

Tam Siu Wai
Leung Kin Hang

In accordance with clause 32 of the Association's Articles of Association, Councillor shall hold a term of two years. all the Councillors shall retire at the forthcoming annual general meeting, and being, eligible offer themselves for re-election.

Principal place of business

The Association is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Room C, 3/F., Worldwide Centre, 123 Tung Chau Street, Kowloon.

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 deficit of the Association for the year ended 31 December 2022 and the state of the Association's affairs at that date are set out in the attached financial statements.

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 Councillors Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Councillors 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 Councillors

Lam Suk Tong, Ivy
Councillor

Hong Kong,

**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 2022, 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 Councilors are responsible for the other information. The other information comprises all information included in the Councillors' 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 Councilors and Those Charged with Governance for the Financial Statements

The Councillors 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 Councillors 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 Councillors 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 HKSAAs 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 HKSAAs, 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 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 Councillors.

**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 Councillors' 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,

POWER OF LOVE
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 HK\$	2021 HK\$
Income			
Donations received		1,152,116	348,469
Interest received		3,294	2,279
Dividend received		28,417	26,826
Gain on exchange		---	212
		<u>1,183,827</u>	<u>377,786</u>
Project expenses	4	<u>(963,619)</u>	<u>(350,709)</u>
Operating expenses			
Administration fee and expenses		(108,000)	(37,640)
Bank charges		(4,580)	(5,738)
Insurance		---	---
Exchange loss		(75,771)	---
Government ESS subsidy returned		---	(18,150)
MPF contribution		---	(16,200)
Promotion expenses		(10,000)	---
Salary		---	(153,900)
Stationery		(1,027)	(710)
Sundry expenses		(3,287)	---
Telephone and internet		(2,244)	(408)
Unrealized loss on listed investments		(40,534)	(200,097)
Warehouse rental		(17,100)	(14,850)
Website		(6,000)	(43,100)
		<u>(268,543)</u>	<u>(490,793)</u>
Deficit before tax	5	(48,335)	(463,716)
Income tax expenses	6	---	---
Deficit for the year		<u>(48,335)</u>	<u>(463,716)</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 2022

	Note	2022 HK\$	2021 HK\$
Non-current assets			
Listed investments	7	527,280	567,814
Current assets			
Cash at banks		3,667,990	3,664,849
Current liabilities			
Bank overdraft		(19,542)	---
Accrued expenses		(700)	(9,300)
		(20,242)	(9,300)
Net current assets		<u>3,647,748</u>	<u>3,655,549</u>
Net assets		<u><u>4,175,028</u></u>	<u><u>4,223,363</u></u>
Equity			
Accumulated surplus		3,473,422	3,487,097
Renal patients fund	8	333,164	333,164
3B India Service Fund	9	368,442	403,102
Building school fund		---	---
Total equity		<u><u>4,175,028</u></u>	<u><u>4,223,363</u></u>

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

Approved and authorised for issue by the Councillors on

Lam Suk Tong, Ivy
Councillor

Tam Siu Wai
Councillor

POWER OF LOVE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Accumulated surplus HK\$	Renal patients Fund HK\$	Building School Fund HK\$	3B India Service Fund HK\$	Total HK\$
Balance at 31 December 2020	3,931,813	333,164	40,000	382,102	4,687,079
Fund raised during year	356,786	---	---	21,000	377,786
Fund used for projects during year	(308,490)	---	(42,219)	---	(350,709)
Operating and other expenses of the year	(490,793)	---	---	---	(490,793)
Transfer	(2,219)	---	2,219	---	---
Balance at 31 December 2021	3,487,097	333,164	---	403,102	4,223,363
Fund raised during year	997,827	---	180,000	6,000	1,183,827
Fund used for projects during year	(317,511)	---	(605,448)	(40,660)	(963,619)
Operating and other expenses of the year	(268,543)	---	---	---	(268,543)
Transfer	(425,448)	---	425,448	---	---
Balance at 31 December 2022	3,473,422	333,164	---	368,442	4,175,028

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

POWER OF LOVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. General

a. Definition

In these reporting documents, the following terms shall have the following meanings:

The Association	Power Of Love 愛心力量
Councillors	all Councillors of the Association
Hong Kong Companies Ordinance	Hong Kong Companies Ordinance (Cap. 622), including all amendments made under the Companies (Amendment) (No. 2) Ordinance 2018
Predecessor Companies Ordinance	Predecessor Hong Kong Companies Ordinance (Cap. 32) as in force from time to time before the commencement date of the Hong Kong Companies Ordinance
HKICPA	Hong Kong Institute of Certified Public Accountants
SME-FRS	Revised Small and Medium-sized Entity Financial Reporting Standard issued (and revised in February 2019) by the HKICPA

b. Corporate information

Power Of Love (the "Association") is a company limited by guarantee and not having a share capital and incorporated in Hong Kong. Under the provision of Association's Articles of Association, in the event of liquidation, the liability of each member is limited to HK\$100. The registered office and principal place of business of the Association is located at Room C, 3/F., Worldwide Centre, 123 Tung Chau Street, Kowloon.

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.

c. Presentation currency and level of rounding

Unless stated otherwise, all currency figures in these financial statements are presented in Hong Kong Dollars (HK\$) rounded to the nearest one dollar.

2. Basis of preparation

a. Statement of compliance

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

b. Basis of measurement

The measurement base used in preparing these financial statements is the historical cost convention; the specific measurements of the elements in the financial statements are set out in note 3 to the financial statements.

POWER OF LOVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Summary of significant accounting policies

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). The Association is therefore entitled to prepare and present its financial statements in accordance with SME-FRS issued by the HKICPA.

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements.

- a. 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.
 - iv. Dividend income is recognised upon received.
- b. 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.
- c. 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.
- d. Foreign currencies translation

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.

4. Project expenses

	2022 HK\$	2021 HK\$
3B India Service	40,660	---
Miscellaneous services	317,511	308,490
Building school	605,448	42,219
	<u>963,619</u>	<u>350,709</u>

POWER OF LOVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. <u>Deficit before tax</u>	2022	2021
	HK\$	HK\$
Staff cost	---	170,100

6. 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. (2021: Nil)

7. Listed investments

At cost		
Listed equity	767,911	767,911
Less: Unrealized loss	(240,631)	(200,097)
	<u>527,280</u>	<u>567,814</u>
Market value	<u>527,280</u>	<u>567,814</u>

8. Renal patients fund

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

9. 3B Indian Service Fund

It represented the net fund for service in India.

10. Key management remuneration

No emolument, whatsoever, has been paid or payable to the key management during the year under review (2021: Nil).

11. Lease commitment

As at the report date, there was no lease commitment exist (2021: Nil).

POWER OF LOVE
JOURNAL ADJUSTMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	DR HK\$	CR HK\$	INCREASE/ (DECREASE) IN DEFICIT/ (SURPLUS) HK\$
Surplus as per management account			(44,127.08)
Accounting fee understated			5,000.00
Stationery understated			700.00
Exchange gain			<u>(138,833.43)</u>
			(177,260.51)
1. Exchange gain	214,604.56		214,604.56
Project expenses	25,055.72		25,055.72
BOC 012-663-9-2078578(RMB)		239,192.30	
Interest received (RMB)		467.98	(467.98)
Being RMB transactions exchanged			
2. Interest received	3.03		3.03
HSBC 018-1-127168		0.64	
HSBC 018-7-134812		2.39	
Being interest already taken up in last year			
3. Accrued expenses	10,000.00		
Accounting fee		10,000.00	(10,000.00)
Being accounting fee reversed			
Accrued expenses	3,600.00		
Project expenses		3,600.00	(3,600.00)
Being project expenses taken in last year			
Accrued expenses	700.00		
Printing and stationery		700.00	(700.00)
Being settlement of disbursement 2021			
4. Printing and stationery	700.00		700.00
Accrued expenses		700.00	
Being disbursement 2022 taken up			
5. Promotion expenses	10,000.00		
Sundry expenses	712.00		
Telephone and internet	612.00		
Warehouse rental	4,050.00		
Project expenses		15,374.00	
Being reallocation of expenses from project expenses			
Deficit as per audited accounts			<u><u>48,334.82</u></u>

Confirmed correct

Lam Suk Tong, Ivy
Councillor