

Council Members' Report
Audited Financial Statements
WARMHEARTERS LIMITED
暖心族有限公司
For the Year Ended 31 March 2021

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WARMHEARTERS LIMITED

暖心族有限公司

Council Members' Report

The Council Members have pleasure in presenting their report and audited financial statements of Warmhearters Limited (the "Association") for the year ended 31 March 2021.

Principal activities

The principal activities of the Association is engaged in assisting in the relief of poverty by holding charity events and providing services for (i) the students in kindergartens and primary schools and their families in Hong Kong and China, (ii) the poor elderly(ies) in Hong Kong and China, (iii) the poor underprivileged(s) in Hong Kong and China so as to improve their living conditions or relieve financial stress and (iv) the relief of the people in need for the benefit of the Hong Kong community. The Association also provides study materials or organize events for kindergartens and primary schools in Hong Kong and Chain, in furtherance of the all-rounded development of students.

Results and dividends

The results of the Association for the year ended 31 March 2021 are set out in the income statement on page 6.

The Council Members do not recommend the payment of a dividend.

Reserves

Details of movements in the reserves are disclosed in the statement of change in equity as set out on note 7 to the financial statements.

Council Members

The Council Members who held office during the year and up to date of this report were:-

RAY Raymond

YIM Ho

In accordance with the Association's Articles of Association, every Councils Member for the time being who at the date of annual general meeting has held office for a period (whether or not continuous) of more than three years shall retire from the office. The retiring Council Member shall only be eligible for re-election to each membership (other than as Chairman) if his total period of office (whether or not continuous) as the date of retirement as a Council Member does not exceed six years (no account being taken of any period served as Chairman).. A retiring Chairman shall only be eligible for re-election as Chairman if his total period of office (whether or not continuous) at the date of retirement as Chairman (no account being taken of any period served on the Council other than in the office of Chairman) does not exceed eight years.

Permitted indemnity provision

In accordance with Article 64 of the Association's Articles of Association, subjects to section 165 of the Company Ordinance, every Member of the Committee, Auditor and Officer for the time being of the Association shall be indemnified out of the funds and assets of the Association against all liabilities and obligations which they, or any of them, may incur in good faith in the proper and reasonable performance or purported performance of their duties in relation to the Association other than any liability which attaches to them by law in respect of any negligence, default, breach of duty or breach of trust. Further, they shall be indemnified from the funds and assets of the Association against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted or in connection with any application under section 358 of the Company Ordinance in which relief is granted to them by the Court. Provided that none of the funds or assets of the Association shall be applied in payment of the whole or part of any fine or penalty imposed upon any person by sentence or order of a Court of Justice.

WARMHEARTERS LIMITED

暖心族有限公司

Council Members' Report

Council Member's interests

No contract of significance to which the Association was a party and in which a Council Member had a material interest subsisted at the end of the year or at any time during the year.

Council Members' rights to acquire shares or debentures

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

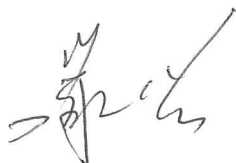
Business review

The Association falls within the reporting exemption under section 388(3)(a) of the Hong Kong Companies Ordinance and therefore exempt from including a business review in the Council Members' report

Auditors

Billion Match CPA Limited retire and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of Billion Match CPA Limited as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



YIM Ho

Chairman, Hong Kong,

Date: 13 December 2021

Independent Auditors' Report

To the Member of

WARMHEARTERS LIMITED

暖心族有限公司

(incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of Warmhearters Limited ("the Association") set out on pages 6 to 11 which comprise the statement of financial position as at 31 March 2021, 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 ("HKSA") and with reference to PN 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 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 other than the financial statements and auditors' report thereon

The Council Members are responsible for the other information. The other information comprises the information included in the Council Members' 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 regards.

Responsibilities of Council Members and Those Charged with Governance for the Financial Statements

The Council 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 Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report (continued)

Responsibilities of Council Members and Those Charged with Governance for the Financial Statements (continued)

In preparing the financial statements, the Council 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 Council 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. 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 Council Members.
- Conclude on the appropriateness of the Council 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.

Independent Auditors' Report (continued)

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.



Billion Match CPA Limited
Certified Public Accountants
Hong Kong
Date: 13 December 2021

WARMHEARTERS LIMITED
暖心族有限公司
Income Statement
For the Year Ended 31 March 2021

	Note	2021 HK\$	2020 HK\$
Income	3	264,105	254,879
Cost of services		<u>(346,450)</u>	<u>(78,500)</u>
		(82,345)	176,379
Other income	3	1,118	680
Operating expenses		<u>(6,883)</u>	<u>(8,366)</u>
Surplus / (Deficit) before tax	4	(88,110)	168,693
Income tax expense	6	<u>-</u>	<u>-</u>
Surplus / (Deficit) for the year		<u><u>(88,110)</u></u>	<u><u>168,693</u></u>

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

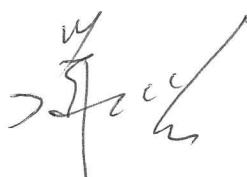
WARMHEARTERS LIMITED

暖心族有限公司

Statement of Financial Position**As at 31 March 2021**

	Note	2021 HK\$	2020 HK\$
Current assets			
Cash and bank balance		<u>786,773</u>	<u>874,883</u>
Current liabilities			
Accruals		<u>(5,200)</u>	<u>(5,200)</u>
NET ASSETS		<u><u>781,573</u></u>	<u><u>869,683</u></u>
FUNDS			
General fund	7	<u><u>781,573</u></u>	<u><u>869,683</u></u>

Approved and authorized for issue by the Board of Council Member on 13 December 2021.



YIM Ho
Council Member



RAY Raymond
Council Member

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

WARMHEARTERS LIMITED

暖心族有限公司

Notes to the Financial Statements

For the Year Ended 31 March 2021

1. REPORTING ENTITY

Warmhearters Limited (the “Association”) is an Association incorporated in Hong Kong with limited liability by guarantee. The Association’s registered office is located at 10A, 55 Paterson Street, Causeway Bay, Hong Kong. The principal activities of the Association is engaged in assisting in the relief of poverty by holding charity events and providing services for (i) the students in kindergartens and primary schools and their families in Hong Kong and China, (ii) the poor elderly(ies) in Hong Kong and China, (iii) the poor underprivileged(s) in Hong Kong and China so as to improve their living conditions or relieve financial stress and (iv) the relief of the people in need for the benefit of the Hong Kong community. The Association also provides study materials or organize events for kindergartens and primary schools in Hong Kong and Chain, in furtherance of the all-rounded development of students.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Association qualifies as a private company for the reporting exemption 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 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.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

- i. Program donation is recognized when the donation is received;
- ii. Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(b) Foreign exchange

The reporting currency of the Association is Hong Kong Dollars, which is the currency of the primary economic environment in which the Association operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

WARMHEARTERS LIMITED

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Notes to the Financial Statements

For the Year Ended 31 March 2021

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Taxation

Income tax expense represents current tax expense. The income tax payable represents the amount expected to be paid to the taxation authority, using tax rates and tax laws that have been enacted or substantively enacted by the date of Statement of Financial Position.

Deferred tax is not provided.

(d) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

- i) A person, or a close member of that person's family, is related to the Association if that person:
 - a) has control or joint control over the Association;
 - b) has significant influence over the Association; or
 - c) is a member of the key management personnel of the Association or of a parent of the Association;or
- ii) An entity is related to the Association if any of the following conditions applies:
 - a) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - c) both entities are joint ventures of the same third party;
 - d) one entity is joint venture of a third entity and other entity is an associate of the third entity;
 - e) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association;
 - f) the entity is controlled or jointly controlled by a person identified in (i);
 - g) a person identified in (i)(a) 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); and
 - h) the entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

(e) 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.

WARMHEARTERS LIMITED
暖心族有限公司
Notes to the Financial Statements
For the Year Ended 31 March 2021

3. INCOME

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

	2021 HK\$	2020 HK\$
Income		
Program donations	264,105	254,879
Other income		
Interest income	20	680
Foreign exchange gain, net	1,098	-
	<u>1,118</u>	<u>680</u>
Total	<u><u>265,223</u></u>	<u><u>255,559</u></u>

4. SURPLUS / (DEFICIT) BEFORE TAX

Surplus / (deficit) before taxation is arrived at after changing / (crediting):

	2021 HK\$	2020 HK\$
Exchange gain / (loss), net	1,098	(690)

5. COUNCIL MEMBER'S REMUNERATION

No Council member received, or will receive, any fee or emoluments in respect of services to the Association during the years.

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made for the year as the Association is exempted from taxation under section 88 of the Inland Revenue Ordinance (2020: Nil).

7. STATEMENT OF CHANGE IN EQUITY

	General fund HK\$
Balance as at 1 April 2020	869,683
Deficit for the year	<u>(88,110)</u>
Balance at 31 March 2021	<u><u>781,573</u></u>

WARMHEARTERS LIMITED

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Notes to the Financial Statements

For the Year Ended 31 March 2021

8. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the company had the following transactions with related parties:

	2021 HK\$	2020 HK\$
Program donations from a council member	<u>6,000</u>	<u>-</u>