



COPY

Variety - The Children's Charity
Hong Kong Limited

30 September 2016

CERTIFIED TRUE COPY

Donald James HESS
Director (Crew Member)
Date: 11/7/2017

Acknowledgement
Companies Registry
H.K.

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Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 30 September 2016.

Incorporation

Variety - The Children's Charity Hong Kong Limited ("the company") was incorporated in Hong Kong under the Hong Kong Companies Ordinance on 9 January 2015 and limited by guarantee.

Principal place of business

The company is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 6th floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.

Principal activities

The company is a charitable institution limited by guarantee to provide assistance and support to children in Hong Kong who are physically, mentally, socially or economically disadvantaged.

Directors

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

Hess, Donald James
Mitchell, Lukas Michael
Lam, Wai Man Virginia
Blurton, Daniel Stuart
Sumilang, Desiree Ann
Loughnan, Kenneth Vincent
Sarju, Ganesh
Chan, Wai Ling
Chan, Wai Ling
Lee, Siu Wing Augustine (resigned on 18 May 2016)
Chow Wan Man
Lam, Mei Ling May
Germe, Clementine Julie Monique (resigned on 20 April 2017)
Kwok Chun Yan

The following director was appointed after the end of the financial year:

Lai, Michele Pek Lian (appointed on 14 December 2016)
Lam Wai Yee (appointed on 20 April 2017)

Directors (continued)

Mr Ganesh Sarju, Miss Chun Yan Kwok, Mr Lukas Michael Mitchell, Mr Donald James Hess and Mr Daniel Stuart Blurton will retire from the board in accordance with Article 12.8 of the company's Articles of Association, at the forthcoming Annual General Meeting ("AGM"). The retiring directors except Mr Ganesh Sarju and Miss Chun Yan Kwok, being eligible, offer themselves for re-election. Mr Ganesh Sarju and Miss Chun Yan Kwok will retire after the forthcoming AGM.

At no time during the year was the company a party to any arrangement 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.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the company is currently in force and was in force throughout this year.

Directors' interests in transactions, arrangements or contracts

Apart from the transaction disclosed in note 10 to the financial statements, no contract of significance to which the company, or any of its holding company or fellow subsidiaries was a party, and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Hess, Donald James

Director

Hong Kong,

27 APR 2017



**Independent auditor's report to
Variety - The Children's Charity Hong Kong Limited
("the company")**
(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Variety - The Children's Charity Hong Kong Limited ("the company") set out on pages 5 to 14, which comprise the statement of financial position as at 30 September 2016, the income and expenditure account, statement of changes in reserve and cash flow statement for the year ended 30 September 2016 and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Independent auditor's report to
Variety - The Children's Charity Hong Kong Limited
("the company") (continued)**
(Incorporated in Hong Kong and limited by guarantee)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 September 2016 and of the company's financial performance and cash flows for the year ended 30 September 2016 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

A handwritten signature in black ink that reads 'KPMG'.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 APR 2017

Income and expenditure account for the year ended 30 September 2016

(Expressed in Hong Kong dollars)

	Note	Year ended 30 September 2016	Period from 9 January 2015 (date of incorporation) to 30 September 2015
Income			
Donations	2	\$ 356,847	\$ 67,740
Interest income		12	-
		<u>\$ 356,859</u>	<u>\$ 67,740</u>
Expenditure			
Fund raising project expenses		\$ (1,575)	\$ (22,150)
Project operating expenses		(57,092)	(1,347)
Financial charges		(3,120)	(5,015)
Operating and administrative expenses		-	(3,500)
		<u>\$ (61,787)</u>	<u>\$ (32,012)</u>
Surplus and total comprehensive income for the year/period		<u>\$ 295,072</u>	<u>\$ 35,728</u>

The notes on pages 9 to 14 form part of the financial statements.

Statement of financial position at 30 September 2016

(Expressed in Hong Kong dollars)

	Note	2016	2015
Current assets			
Amounts due from directors	6	\$ -	\$ 6,740
Cash at bank and in hand		220,999	31,135
Donation receivables		133,736	-
		<u>\$ 354,735</u>	<u>\$ 37,875</u>
Current liabilities			
Amount due to a director	7	\$ -	\$ (800)
Other payables		-	(1,347)
Deferred income	8	(23,935)	-
		<u>\$ (23,935)</u>	<u>\$ (2,147)</u>
NET ASSETS		<u>\$ 330,800</u>	<u>\$ 35,728</u>
General reserve		<u>\$ 330,800</u>	<u>\$ 35,728</u>

Approved and authorised for issue by the board of directors on 27 APR 2017

Hess, Donald James

Lam, Wai Man Virginia

Lam, Wai Man Virginia

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The notes on pages 9 to 14 form part of the financial statements.

**Statement of changes in reserve
for the year ended 30 September 2016**
(Expressed in Hong Kong dollars)

	<i>General reserve</i>
At 9 January 2015 (date of incorporation)	\$ -
Surplus and total comprehensive income	<u>35,728</u>
At 30 September 2015 and 1 October 2015	\$ 35,728
Surplus and total comprehensive income	<u>295,072</u>
At 30 September 2016	<u>\$ 330,800</u>

The notes on pages 9 to 14 form part of the financial statements.

Cash flow statement for the year ended 30 September 2016 (Expressed in Hong Kong dollars)

	Year ended 30 September 2016	Period from 9 January 2015 (date of incorporation) to 30 September 2015
Operating activities		
Surplus for the year/period	\$ 295,072	\$ 35,728
Adjustment for:		
Interest income	(12)	-
Operating surplus before changes in working capital	\$ 295,060	\$ 35,728
Decrease/(increase) in amounts due from directors	6,740	(6,740)
(Decrease)/increase in amount due to a director	(800)	800
(Decrease)/increase in other payables	(1,347)	1,347
Increase in donation receivables	(133,736)	-
Increase in deferred income	23,935	-
Net cash generated from operating activities	\$ 189,852	\$ 31,135
Investing activity		
Interest income	\$ 12	\$ -
Net cash generated from investing activity	\$ 12	\$ -
Net increase in cash and cash equivalents	\$ 189,864	\$ 31,135
Net increase in cash and cash equivalents	\$ 189,864	\$ 31,135
Cash and cash equivalents at 1 October 2015/9 January 2015 (date of incorporation)	31,135	-
Cash and cash equivalents at 30 September	\$ 220,999	\$ 31,135

Cash and cash equivalents represent cash at bank and in hand.

The notes on pages 9 to 14 form part of the financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the company is disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the company for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. None of these developments have had a material effect on how the company's results and financial position for the current or prior periods have been prepared or presented.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1 Significant accounting policies (continued)

(d) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the company about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

Impairment losses for receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the company is satisfied that recovery is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income and expenditure account.

(e) Payables

Payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, 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, having been within three months of maturity at acquisition.

risk of changes in value, having been within three months of maturity at acquisition.

(g) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

1 Significant accounting policies (continued)

(g) Provisions and contingent liabilities (continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income and expenditure account as follows:

Donations in cash and cash equivalents or other investment instruments for general purpose are recognised as income at fair values when it is probable that they will be received, which is generally upon receipt of cash. Donations for special purposes designated by the donors are initially recognised as deferred income when received, and then as income when the specific purposes are met.

(i) Related parties

(a) A person, or a close member of that person's family, is related to the company if that person:

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

(b) An entity is related to the company if any of the following conditions applies:

- (i) The entity and the company are members of the same group (which means
 - (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) 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).
- (iii) Both entities 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.

1 Significant accounting policies (continued)

- (b) An entity is related to the company if any of the following conditions applies:
(continued)
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (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).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Donations

The amount represents donations income recognised for charity purpose.

3 Taxation

The company is exempt under section 88 of the Hong Kong Inland Revenue Ordinance from any tax by reason of being a charitable institution or trust of a public character. Accordingly, no provision for Hong Kong taxation is required in these financial statements.

4 Directors' remuneration

All directors acted in honorary capacity and no director received any remuneration during the year.

5 Reserve

Capital management

Capital management

The company is a charitable institution limited by guarantee and has no share capital.

The company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can continue to provide assistance and support to children in Hong Kong who are physically, mentally, socially or economically disadvantaged.

The company defines "capital" as including general reserve maintained by the company. The company actively and regularly reviews and manages its capital structure to ensure effective use of reserve and sound financial status of the company.

6 Amounts due from directors

The balances are unsecured, interest-free and recoverable on demand.

7 Amount due to a director

The balance is unsecured, interest-free and repayable on demand.

8 Deferred income

The balance represents members' donations designated for the next financial year.

9 Financial risk management

Exposure to credit and liquidity risks arises in the normal course of the company's operations.

The company's exposure to these risks and the financial risk management policies and practices used by the company to manage these risks are described below.

(a) Credit risk

The company's credit risk is primarily attributable to cash at bank and in hand deposited with financial institutions, the maximum exposure of which at the end of the reporting period is their carrying amounts.

Credit risk in respect of cash at bank and in hand is considered to be low because cash at bank and in hand are placed with major financial institutions with sound credit ratings.

(b) Liquidity risk

The company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserve of cash and funding lines to meet its liquidity requirements in the short and longer term.

The contractual maturities at the end of the reporting period of the company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date on which the company can be required to pay, are within one year or on demand.

10 Related party transactions

Apart from the balances disclosed in notes 6, 7 and 8 to the financial statements, the company entered into the following material related party transactions:

	Year ended 30 September 2016	Period from 9 January 2015 (date of incorporation) to 30 September 2015
Donations from the company's directors	\$ -	\$ 56,140
Consultation fee paid to a related company	<u>10,972</u>	<u>-</u>

11 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 30 September 2016

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 30 September 2016 and which have not been adopted in these financial statements.

The company is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's result of operations and financial position.