

**THE EDUCATION FOUNDATION OF THE FEDERATION
OF THE ALUMNI ASSOCIATIONS OF THE CHINESE
UNIVERSITY OF HONG KONG LIMITED**

**REPORTS AND FINANCIAL STATEMENTS
2017/18**



WONG BROTHERS & CO.
CERTIFIED PUBLIC ACCOUNTANTS

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Contents

	Page
Directors' Report	1 - 3
Independent Auditors' Report	4 - 6
Statement of Financial Position	7
Statement of Profit or Loss and Other Comprehensive Income - General Fund	8
Statement of Profit or Loss and Other Comprehensive Income - China Education Development Fund	9
Statement of Changes in Funds and Reserve	10
Statement of Cash Flows	11
Notes to Financial Statements	12 - 22

**The Education Foundation of The Federation of The Alumni Associations of
The Chinese University of Hong Kong Limited
DIRECTORS' REPORT
For the year ended 30th September, 2018**

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30th September, 2018.

1. PRINCIPAL PLACE OF BUSINESS

The Education Foundation of The Federation of The Alumni Associations of The Chinese University of Hong Kong Limited ("the Foundation") is a company incorporated in Hong Kong and limited by guarantee. Its registered office and principal place of operation are situated at Office of Alumni Affairs, 3/F., John Furton Centre, The Chinese University of Hong Kong, Shatin, New Territories, Hong Kong.

2. PRINCIPAL ACTIVITIES

The principal activities of the Foundation during the year are establishing non-profit-making schools and promoting education development.

3. RESULTS

The Surplus of the Foundation for the year ended 30th September, 2018 and the financial position of the Foundation at that date are set out in the financial statements on pages 7 to 9.

4. DIRECTORS

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

Chan King Cheung
Chan Pik Kiu Michael
Cheung Fuk Ying
Cheung Yuet Wah
Ho Man Sum
Kwan Choi Wah
Lai Suk Tak
Lam Cho Wing
Lam Hiu Fung
Lam Kwan Yat
Lau Sai Yung
Lee Kam Chung
Lee Kim Hung
Lee Siu Hok William
Leung Kwong Lam
Leung Seung Ming
Li Kai Ming
Liu Kam Hong
Lo Pik Yu
Ng Lai Han Cinnie
Ng Yuen Hing
Ngan Lung
Tam Tin Lok Timothy

(Resigned on 17 December 2018)

(Resigned on 15 September 2018)

**The Education Foundation of The Federation of The Alumni Associations of
The Chinese University of Hong Kong Limited**
DIRECTORS' REPORT
For the year ended 30th September, 2018

4. DIRECTORS (Cont'd)

Wong Heung Sang Stephen
Wong Ho Chiu
Wong Sai Chiu
Wong Ting Yuen
Yan Hau Yee Lina
Yau Ying Sum
Yeung Choi Ha Eliza

In accordance with Articles 29 of the Foundation's Articles of Association, all the existing directors shall remain in office at the forthcoming annual general meeting.

5. DIRECTORS' INTEREST IN SHARES

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

6. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Foundation were entered into or existed during the year.

7. PERMITTED INDEMNITY PROVISION

At no time during the year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Foundation.

8. EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into during the year.

9. HON. AUDITOR

The accompanying financial statements were audited by Wong Brothers & Co., Certified Public Accountants.

10. OTHER MATTERS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements, which would render any amount stated in the financial statements misleading.

**The Education Foundation of The Federation of The Alumni Associations of
The Chinese University of Hong Kong Limited
DIRECTORS' REPORT
For the year ended 30th September, 2018**

11. BUSINESS REVIEW

The Foundation falls within the reporting exemption set out in the Hong Kong Companies Ordinance for the year ended 30th September, 2018. Accordingly, the Foundation is exempted from preparing a business review.

On behalf of the Board



Yan Hau Yee Lina
Chairman

Hong Kong, 26 SEP 2019



Partners: S M Kan
Principals: Johnny M S Yuen
Albert W W Chui

Ricky W P Wong
Clifford C K Lo

簡迅鳴會計師 黃煒培會計師
袁明碩會計師 勞鎮乾會計師
崔永華會計師

Independent Auditors' Report to the Members of

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**
(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of The Education Foundation of the Federation of the Alumni Associations of The Chinese University of Hong Kong Limited ("the Foundation") set out on pages 7 to 22, which comprise the statement of financial position as at 30 September 2018, the statement of profit or loss and other comprehensive income, the statement of changes in funds and reserve and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as at 30 September 2018, 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 Cap 622.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Foundation 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 auditors' report thereon

The directors are responsible for the other information. The other information comprises all the information included in the directors' report, other than the financial statements and our auditors' 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 Auditors' Report to the Members of

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)**

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 Cap 622, 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 Foundation'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 Foundation or to cease operations, or have no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance Cap 622, 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 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditors' Report to the Members of

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**
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Auditors' responsibilities for the audit of the financial statements (Cont'd)

- 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation 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.

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, if any, that we identify during our audit.



Wong Brothers & Co.
Certified Public Accountants
Hong Kong, 26 SEP 2019

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME –
CHINA EDUCATION DEVELOPMENT FUND**

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 HK\$	2017 HK\$
INCOME		
Dividend income	1,833	2,269
Donations received	1,656,616	1,377,775
Gain on exchange	--	20,280
Interest income	60	5,730
Other income	2,670	450
TOTAL INCOME	<u>1,661,179</u>	<u>1,406,504</u>
EXPENDITURE ON SCHOOLS AND EDUCATION DEVELOPMENT		
Bursary	276,190	465,157
New buildings	--	277,383
Prizes	104,366	123,905
Special support	339,093	162,308
Subsidies and scholarship	17,941	10,815
Teacher's training	--	18,639
Warm function express	8,125	--
	<u>(745,715)</u>	<u>(1,058,207)</u>
ADMINISTRATIVE EXPENDITURE		
Bank charges	930	1,482
Depreciation	1,178	1,178
Loss on exchange	12,828	--
Postage	1,142	527
Printing and stationery	1,038	1,342
Sundry expenses	5,778	1,261
Telephone and fax	4,333	4,058
Travelling expenses	1,164	2,926
Utilities	5,033	4,353
Deficit on functions	--	30
	<u>(33,424)</u>	<u>(17,157)</u>
TOTAL EXPENDITURE	<u>(779,139)</u>	<u>(1,075,364)</u>
Surplus for the year	882,040	331,140
Other comprehensive income, net of tax		
Fair value (loss)/gain on revaluation of available-for-sale financial assets	<u>(3,373)</u>	<u>11,116</u>
Total comprehensive income for the year	<u>878,667</u>	<u>342,256</u>

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. LEGAL STATUS AND GENERAL INFORMATION

The principal activities of the Foundation are establishing non-profit-making schools and promoting education development.

The Foundation is incorporated in Hong Kong and limited by guarantee. Under the provisions of the Foundation's Articles of Association, every member shall, in the event of the Foundation being wound up, contribute to the assets of Foundation to the extent of HK\$20.

The address of its registered office is Alumni Affairs Office, 3/F., John Fulton Centre, The Chinese University of Hong Kong, Shatin, New Territories, Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied during the year presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliances

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and under the historical cost convention, as modified by the available-for-sale financial assets and financial assets at fair value through profit or loss at fair value.

(b) Impact of new and revised HKFRS

(i) Standards, amendments and interpretations effective in 2018

There are a number of new/revised standards, amendments and new/revised interpretations to HKFRS that are effective for the current financial year of the Foundation. Among these standards, amendments and interpretations, none of them is relevant to preparation of the financial statements of the Foundation for the year ended 30 September 2018.

(ii) Impact of standards, amendments and interpretations yet to be adopted

Up to the date of approval of these financial statements, the HKICPA has issued a number of new/revised standards, amendments and new/revised interpretations, which are not yet effective and which have not been early adopted by the Foundation for the year ended 30 September 2018. The directors are in the process of making an assessment and are not yet in a position to determine of what the impact of these new/revised standards, amendments and new/revised interpretations to the results and financial position of the Foundation upon adoption.

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Revenue recognition

Donation income is recorded on a cash basis.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the Foundation's right to receive payment has been established.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Foundation operates ("the functional currency"). The financial statements are presented in HK dollars, which is the Foundation's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the reporting date. Exchange gains and losses are recognised in profit or loss.

2.4 Plant and equipment

Plant and equipment are stated at cost less aggregate depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of profit or loss and other comprehensive income 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 assets, the expenditure is capitalised as an additional cost of the assets. When assets are sold or retired, their cost and aggregate depreciation/impairment losses are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

Depreciation is provided to write off the cost less residual value of each plant and equipment over its expected useful life at the following annual rates:-

Computer equipment - 25% straight line basis

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Investments

The Foundation classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting year end.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (including trade and other investments) are acquired principally for the purpose of selling in short term or so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the reporting year end.

Gains or losses arising from changes in fair value are recognised in profit or loss.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Foundation provides money, goods or services directly to schools or other developments to promote education and to nurture youngsters. They are included in current assets, except for maturities greater than 12 months after the reporting year end. These are classified as non-current assets and carried at amortised cost using the effective interest rate method less impairment loss, if any. Loans and receivables are included in accounts receivables in the statement of financial position.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Foundation's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are measured at amortised cost using effective interest rate method less impairment loss, if any.

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Investments (Cont'd)

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting year end.

Available-for-sale financial assets are initially recognized at fair value plus transaction costs and subsequently measured at fair value. Unrealised gain or loss arising from a change in the fair value is recognised directly in equity, except for impairment losses and foreign exchange gains and losses. When the financial asset is derecognized, the accumulative fair value gain or loss previously recognised in equity are recognised in profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Foundation establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Foundation assesses at each reporting year end whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from funds and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

2.6 Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position.

**THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI
ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Foundation's activities are exposed to interest rate risk, credit risk, foreign currency risk, price risk and liquidity risk which are closely monitored by the directors. The Foundation's overall risk management programme focuses on the unpredictability and volatility of financial markets and seeks to minimize potential adverse effects on these risks. No derivative financial instruments are used to hedge any exposures of these risks.

(a) Interest rate risk

The Foundation's income and operating cash flows are substantially independent of changes in market interest rates. The Foundation has no significant interest bearing assets and liabilities except cash at banks and time deposits at banks, which carry interest at prevailing interest rates. Interest rate risk arises from changes in interest rates of interest bearing assets and liabilities of the Foundation.

As the Foundation's activities exposed to interest rate risk are closely monitored by the directors who considered such exposure is not significant, the interest rate profile and the sensitivity analysis on interest rate risk is not presented.

(b) Credit risk

The Foundation's credit risk mainly arises from cash and short-term deposits at a bank and cash retained with various counterparties. The Foundation has no significant concentration of credit risk other than the cash deposited with a bank. It has policies in place to ensure that the cash retained by various counterparties are made to those with an appropriate credit history. Ongoing credit evaluation is performed by the management to ensure that the Foundation does not have any significant credit risk exposure in respect of the default in repayments.

(c) Foreign currency risk

The Foundation does not have any significant exposure to foreign exchange risk. The majority of donation received, receivables and payables are denominated in local currency for the foundation's activities. The sensitivity analysis of foreign currency risk is not presented.