

HONG KONG VISUAL MERCHANDISING ART ASSOCIATION LIMITED
香港視覺陳列藝術協會有限公司

(LIMITED BY GUARANTEE)

**DIRECTORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS**



Lee & Yu Certified Public Accountants

李志輝 · 余仲良 會計師事務所

In association with | CAC CPA LIMITED | 中审华会计师事务所

HONG KONG VISUAL MERCHANDISING ART ASSOCIATION LIMITED
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HONG KONG VISUAL MERCHANDISING ART ASSOCIATION LIMITED
香港視覺陳列藝術協會有限公司

(LIMITED BY GUARANTEE)

BOARD OF DIRECTORS

Chan Siu Ming
Chong Gold Tat

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31st March 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is to promote visual merchandising.

RESULTS

The results of the Company for the year ended 31st March 2020 are set out in the income statement on page 6.

SHARES ISSUED

The Company is limited by guarantee and consequently has no share capital. Every member of the Company is limited to contribute to the assets of the Company in the event of it being wound up during the time of their membership or within one year of ceasing to be a member. Such contribution is not to exceed HKD10 per member.

DIRECTORS

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

Chan Siu Ming
Chong Gold Tat (Formerly known as Chong Kwong Tat)

In accordance with Articles 20 and 21 of the Company's Articles of Association, all directors, except permanent directors, shall retire from office at the forthcoming annual general meeting or if the Company has dispensed with the holding of annual general meeting or is not required to hold annual general meeting, shall retire from office before the end of nine months after the end of the Company's accounting reference year; and shall be eligible for re-election.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

In accordance with Article 29(1) of the Company's Articles of Association, a director or former director of the Company may be indemnified out of the Company's assets against any liability incurred by the director to a person other than the Company or an associated company of the Company in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or associated company (as the case may be). This Article only applies if the indemnity does not cover the liability set out in Article 29(2) of the Company's Articles of Association. This permitted indemnity provision is in force during the financial year and at the time of approval of this report.

AUDITORS

The financial statements have been audited by Lee & Yu, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Chan Siu Ming

Hong Kong, 30th September 2020



Lee & Yu Certified Public Accountants

李志輝 · 余仲良 會計師事務所

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Lee & Yu
International
理泰国际

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HONG KONG VISUAL MERCHANDISING ART ASSOCIATION
LIMITED**

香港視覺陳列藝術協會有限公司

(LIMITED BY GUARANTEE)

(Incorporated in Hong Kong with limited liability)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hong Kong Visual Merchandising Art Association Limited ("the Company") set out on pages 6 to 12, which comprise the statement of financial position as at 31st March 2020, and the income statement and statement of changes in funds 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 Company 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 the directors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of 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 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors are also responsible for overseeing the Company'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, 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 HKSAs 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 HKSAs, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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 Company'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 Company to cease to continue as a going concern.

We also communicate with directors 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.



LEE & YU

Certified Public Accountants

22/F.,
Guangdong Finance Building,
88 Connaught Road West,
Sheung Wan, Hong Kong.

30th September 2020

HONG KONG VISUAL MERCHANDISING ART ASSOCIATION LIMITED
香港視覺陳列藝術協會有限公司

(LIMITED BY GUARANTEE)

INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2020

(EXPRESSED IN HONG KONG DOLLARS)

	Note	1.4.2019 to <u>31.3.2020</u>	16.11.2017 to <u>31.3.2019</u>
Revenue	3	207,230	73,191
Other income	4	126	117
Other operating expenses		(102,747)	(68,841)
Surplus before taxation	5	104,609	4,467
Income tax expense	6	(3,697)	(3,603)
Surplus for the year/period		<u>100,912</u>	<u>864</u>

The accompanying notes form an integral part of these financial statements.

HONG KONG VISUAL MERCHANDISING ART ASSOCIATION LIMITED
香港視覺陳列藝術協會有限公司

(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2020

(EXPRESSED IN HONG KONG DOLLARS)

	Note	<u>2020</u>	<u>2019</u>
Current assets			
Cash at bank		<u>135,206</u>	<u>213,926</u>
Current liabilities			
Accrued expenses		14,500	12,500
Receipts in advance		11,630	14,209
Amount due to a director	8	-	182,750
Provision for taxation		<u>7,300</u>	<u>3,603</u>
		<u>33,430</u>	<u>213,062</u>
Net current assets		<u>101,776</u>	<u>864</u>
Net assets		<u>101,776</u>	<u>864</u>
Funds and reserves			
Accumulated fund		<u>101,776</u>	<u>864</u>

Approved by the Board of Directors on 30th September 2020



 Chan Siu Ming



 Chong Gold Tat

The accompanying notes form an integral part of these financial statements.

HONG KONG VISUAL MERCHANDISING ART ASSOCIATION LIMITED
香港視覺陳列藝術協會有限公司

(LIMITED BY GUARANTEE)

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31ST MARCH 2020

(EXPRESSED IN HONG KONG DOLLARS)

	<u>Accumulated fund</u>
Balance at 31st March 2019	864
Surplus for the year	<u>100,912</u>
Balance at 31st March 2020	<u>101,776</u>

HONG KONG VISUAL MERCHANDISING ART ASSOCIATION LIMITED
香港視覺陳列藝術協會有限公司

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS)

1. CORPORATE INFORMATION

Hong Kong Visual Merchandising Art Association Limited ("the Company") is a limited by guarantee company incorporated in Hong Kong. Every member of the Company is limited to contribute to the assets of the Company in the event of it being wound up during the time of their membership or within one year of ceasing to be a member. Such contribution is not to exceed HKD10 per member. The registered office of the Company is at Unit K, 5/F., World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

During the year, the Company's principal activity is to promote visual merchandising.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company qualifies for the reporting exemption as a small guarantee company 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 comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the company 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

Revenue is recognised when it is probable that the economic benefit will flow to the association and when the revenue can be measure reliably, on the following bases:

- i) membership fee and sponsorship income are recognised on a receipt basis; and
- ii) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

b) Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

c) Related parties

A party is considered to be related to the Company if :

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

- a) has control or joint control over the Company;
- b) has significant influence over the Company; or
- c) is a member of the key management personnel of the Company or of a parent of the Company;

or

ii) An entity is related to the Company if any of the following conditions applies:

- a) 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);
- 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 Company or an entity related to the Company;
- 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 Company or to the parent of the Company.

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

d) Other payables

Other payables are stated at amortised costs unless the effect of discounting would be immaterial, in which case they are stated at costs.

3. REVENUE

Revenue represents membership fee and sponsorship income received during the year/period.

	1.4.2019 to 31.3.2020	16.11.2017 to 31.3.2019
Membership fee income	7,230	3,241
Sponsorship income	<u>200,000</u>	<u>69,950</u>
	<u>207,230</u>	<u>73,191</u>

4. OTHER INCOME

The amounts of each significant category of income, other than revenue, recognised during the year/period are as follows :-

	1.4.2019 to 31.3.2020	16.11.2017 to 31.3.2019
Bank interest income	<u>126</u>	<u>117</u>

5. SURPLUS BEFORE TAXATION

Surplus before taxation is stated after crediting and charging the following:-

	1.4.2019 to 31.3.2020	16.11.2017 to 31.3.2019
Crediting		
Bank interest income	<u>126</u>	<u>117</u>
Charging		
Auditors' remuneration	<u>12,000</u>	<u>10,000</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax is provided at the rate of 8.25% (2019: 10.49%) on the Company's estimated assessable profit for the year/period.

	1.4.2019 to 31.3.2020	16.11.2017 to 31.3.2019
Tax charge for the year/period	<u>3,697</u>	<u>3,603</u>

The Company has been granted exemption from tax under Section 88 of the Inland Revenue Ordinance on 5th September 2019 by reason of being charitable institution of a public character.

7. DIRECTORS' EMOLUMENTS

None of the directors received or will receive any fees or emoluments in respect of their services to the Company during the year (2019: Nil).

8. AMOUNT DUE TO A DIRECTOR

The amount due is unsecured, interest-free and has no fixed terms of repayment.

9. RELATED PARTY TRANSACTIONS

The Company had the following material transactions with its related parties during the year/period :-

	1.4.2019 to 31.3.2020	16.11.2017 to 31.3.2019
Membership fee income received from directors		
- Chan Siu Ming	350	204
- Chong Gold Tat	350	204
Sponsorship income received from directors		
- Chan Siu Ming	200,000	50,000
- Chong Gold Tat	-	10,000

The directors of the Company are of the opinion that the above transactions were entered into in the normal course of business.

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