

ETERNAL FLAME ACTION

薪火行動

(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

HORIZON (HK) CPA LIMITED

中瑞誠(香港)會計師事務所有限公司

ETERNAL FLAME ACTION

薪火行動

(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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REPORT OF THE DIRECTORS

The directors have pleasure in submitting herewith their report and the audited financial statements for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company's principal activity is a charity institute with the principal aim of advancing of education of the Youth in Hong Kong.

ACCOUNTS

The Company's results for the year ended 31 March 2015 and its state of affairs at that date are set out in the financial statements on pages 3 to 15.

RESERVES

The movements in reserves during the year are set out in the statement of changes in equity.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment during the year are set out in note 9 to the financial statements.

DIRECTORS

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

Tam Fung Chee
Yeung Sui Kuen, Jolene
Wong Kwok Chuen
Li Chi Ming

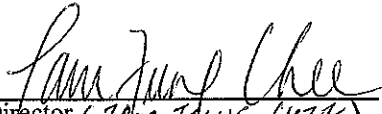
DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the business of the Company, to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

AUDITOR

A resolution to re-appoint the retiring auditor, HORIZON (HK) CPA Limited, will be put at the forthcoming annual general meeting.

On behalf of the Board


Director (Tam Fung Chee) (HBB)
11 August 2015

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ETERNAL FLAME ACTION
薪火行動

(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)

We have audited the financial statements of Eternal Flame Action (the "Company") set out on pages 3 to 14, which comprise the statement of financial position as at 31 March 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors 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 and to report our opinion solely to you, as a body, in accordance with section 80 of the new 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. 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its result and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

HORIZON (HK) CPA Limited
Certified Public Accountants

Li Ka Sing
Practising Certificate Number P01487

Hong Kong, 11 August 2015

ETERNAL FLAME ACTION**薪火行動****(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MARCH 2015**

	<u>Note</u>	2015 <u>HK\$</u>	2014 <u>HK\$</u>
Revenue	5	138,653	174,105
Other income	6	603	4,526
Administrative expenses		(302,217)	(288,657)
Training and workshop		(45,491)	(103,062)
Deficits before tax		<u>(208,452)</u>	<u>(213,088)</u>
Income tax expense	7	-	-
Deficits for the year	8	<u>(208,452)</u>	<u>(213,088)</u>
Total comprehensive (loss)/income for the year		<u><u>(208,452)</u></u>	<u><u>(213,088)</u></u>

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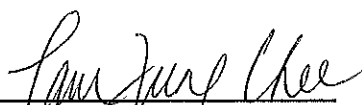
(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2015

	Note	2015 HK\$	2014 HK\$
Non-current assets			
Property, plant and equipment	9	-	-
		<u>-</u>	<u>-</u>
Current assets			
Prepayments, deposits and other receivables		129,150	87,880
Bank and cash balances		499,377	745,090
		<u>628,527</u>	<u>832,970</u>
Current liabilities			
Accruals and other payables		923	20,967
Received in advance		30,943	6,890
		<u>31,866</u>	<u>27,857</u>
Net current assets		<u>596,661</u>	<u>805,113</u>
NET ASSETS		<u>596,661</u>	<u>805,113</u>
Equity			
Accumulated surplus		<u>596,661</u>	<u>805,113</u>

Approved by:


Director
(TOM FUNG CHEE)


Director
(YOUNG SUI KUEN, JOLENE)

ETERNAL FLAME ACTION**薪火行動****(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MARCH 2015**

	Accumulated surplus <u>HK\$</u>
At 1 April 2013	1,018,201
Total comprehensive income for the year	<u>(213,088)</u>
At 31 March 2014	<u>805,113</u>
At 1 April 2014	805,113
Total comprehensive loss for the year	<u>(208,452)</u>
At 31 March 2015	<u>596,661</u>

ETERNAL FLAME ACTION**薪火行動**

(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 MARCH 2015**

	2015	2014
	<u>HK\$</u>	<u>HK\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficits before tax	(208,452)	(213,088)
Adjustments for:		
Interest income	(603)	(526)
Depreciation	-	1,225
Operating cash flows before working capital changes	<u>(209,055)</u>	<u>(212,389)</u>
Change in prepayments, deposits and other receivables	(41,270)	(693)
Change in accruals and other payables	(20,044)	20,967
Change in received in advance	24,053	(310)
Net cash used in operating activities	<u>(246,316)</u>	<u>(192,425)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	603	526
Net cash generated from investing activities	<u>603</u>	<u>526</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(245,713)</u>	<u>(191,899)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>745,090</u>	<u>936,989</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>499,377</u></u>	<u><u>745,090</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	499,377	745,090
	<u><u>499,377</u></u>	<u><u>745,090</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited liability company domiciled and incorporated in Hong Kong. Its registered office and principal place of business is at Flat 101, G/F, Magnolia House, Ma Tau Wai Estate, Tokwawan, Kowloon.

The Company's principal activity is a charity institute with the principal aim of advancing of education of the Youth in Hong Kong.

The Company is incorporated as a limited company in Hong Kong limited by guarantee. Every member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member, or within one year afterwards, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding HK\$10.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting periods beginning on or after 1 April 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the company's accounting policies, presentation of the financial statements and amounts reported for the current year and prior years.

The Company has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 April 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The significant accounting policies applied in the preparation of these financial statements are set out below.

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NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Furniture and equipment	20%
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The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Operating leases

Leases that do not substantially transfer to the Company all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the company transfers substantially all the risks and rewards of ownership of the assets; or the company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.

Income from donation and fund raising activities are recognised when the fund is received.

Member income is recognised when the income is received.

Interest income is recognised on a time-proportion basis using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Impairment of assets

At the end of each reporting period, the company reviews the carrying amounts of its except investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a present 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 expenditures expected to settle the obligation.

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 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 is remote.

4. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Credit risk

The carrying amount of the bank and cash balances and prepayments, deposits and other receivables included in the statement of financial position represents the company's maximum exposure to credit risk in relation to the company's financial assets.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

ETERNAL FLAME ACTION**薪火行動****(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)****NOTES TO THE FINANCIAL STATEMENTS****5. REVENUE**

	2015	2014
	<u>HK\$</u>	<u>HK\$</u>
Donation received	136,813	13,730
Membership fee received	1,630	-
AYP	210	-
Flag Day- 22 March 2014		
Fund raised		
Street collections	-	190,114
Appeal donations	-	11,307
	<u>-</u>	<u>201,421</u>
Less: Administrative expenses		
Advertising and promotion	-	3,096
Donation bags	-	24,000
Insurance	-	1,830
Postage and transportation	-	10,132
Printing and stationery	-	2,007
	<u>-</u>	<u>41,065</u>
Surplus	<u>-</u>	<u>160,356</u>

ETERNAL FLAME ACTION**薪火行動****(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)****NOTES TO THE FINANCIAL STATEMENTS**

Usage of flag day donations collected used up to 31 March 2015 are as follow:

Young Heart Camp	39,446	-
Youth activities	6,045	-
Salaries	57,025	-
Printing and promotion	7,149	-
Rent and rates	24,441	-
Office expenses	5,213	-
MPF contribution	2,713	-
	<u>142,032</u>	<u>-</u>
Balance for future use (a)	18,324	160,356
	<u>160,356</u>	<u>160,356</u>

Flag Day- 29 December 2012

Usage of flag day donations collected used up to 31 March 2015 are as follow:

Printing and promotion	6,385	2,987
	<u>6,385</u>	<u>2,987</u>
Balance for future use	-	6,385
	<u>6,385</u>	<u>9,372</u>

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NOTES TO THE FINANCIAL STATEMENTS

Flag Day- 21 January 2012

Usage of flag day donations collected used up to 31 March 2015 are as follow:

Young Heart Camp	-	15,118
Youth activities	-	11,339
Salaries	-	11,339
Printing and promotion	-	6,155
MPF contribution	-	284
	<u>-</u>	<u>44,235</u>
Balance for over-expense	-	(13,512)
	<u>-</u>	<u>-</u>
綜合日	-	19
	<u>138,653</u>	<u>174,105</u>

(a) The unused balance of HK\$18,324 (2014: HK\$160,356) will be utilized in the forecoming year as specified in the application in items which shown above.

6. OTHER INCOME

	2015	2014
	<u>HK\$</u>	<u>HK\$</u>
Interest income	603	526
Sundry income	-	4,000
	<u>603</u>	<u>4,526</u>

7. INCOME TAX EXPENSE

No profits tax has been provided as the company carried on activities as an institution under Inland Revenue Ordinance Section (88) which is exempt from Hong Kong tax (2014: Nil).

No deferred tax is provided as the company has no temporary difference for the period (2014: Nil).

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NOTES TO THE FINANCIAL STATEMENTS

8. DEFICITS FOR THE YEAR

The company's deficits for the year is stated after charging the following:

	2015	2014
	<u>HK\$</u>	<u>HK\$</u>
Depreciation	-	1,225
Directors' emoluments		
- As directors	-	-
- For management	-	-
	<u>-</u>	<u>-</u>
Operating lease charges:		
- Land and buildings	54,900	51,390
Staff costs including directors' emoluments		
Salaries, bonus and allowances	176,800	178,249
	<u>176,800</u>	<u>178,249</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment HK\$
<u>Cost</u>	
At 1 April 2014 and 31 March 2015	<u>30,425</u>
<u>Accumulated depreciation</u>	
At 1 April 2014 and 31 March 2015	<u>30,425</u>
<u>Carrying amount</u>	
At 31 March 2015	<u>-</u>
	HK\$
<u>Cost</u>	
At 1 April 2013 and March 2014	<u>30,425</u>
<u>Accumulated depreciation</u>	
At 1 April 2013	29,200
Charge for the year	1,225
31 March 2014	<u>30,425</u>
<u>Carrying amount</u>	
31 Mar 2014	<u>-</u>

10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 11 August 2015.