

ETERNAL FLAME ACTION

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

Directors' report and financial statements

For the year ended 31 March 2017

HORIZON (HK) CPA Limited

中瑞誠(香港)會計師事務所有限公司

ETERNAL FLAME ACTION

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

Directors' report and financial statements

for the year ended 31 March 2017

| Contents | Page |
|---|-------------|
| Directors' report | 1-2 |
| Independent auditor's report | 3-5 |
| Income statement | 6 |
| Statement of financial position | 7 |
| Accounting policies and explanatory notes to the financial statements | 8-11 |

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Directors' report

The directors have pleasure in submitting herewith their report and the audited financial statements for the year ended 31 March 2017.

Principal activities

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

Results and state of affairs

The results of the Company for the year ended 31 March 2017 and its state of affairs at that date are set out in the financial statements on pages 6 to 11.

Debenture issued

During the financial year, the Company did not issue any debenture.

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 (resigned on 19 October 2016)

There being no provision in the Company's articles of association for retirement by rotation, all directors continue in office.

Permitted indemnity provision

At no time during the financial year and the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Company.

Management contracts

No contract 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.

Business review

The Company falls within reporting exemption for the financial year. Accordingly, the Company is exempted from preparing a business review.

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Directors' report

Equity-linked arrangements

During the financial year, the Company did not enter into any equity-linked agreement. At the end of the financial year, the Company subsisted of no equity-linked agreement.

Auditors

The financial statements have been audited by HORIZON (HK) CPA Limited who retire and, being eligible, offer themselves for re-appointment.

Approval of directors' report

This report was approved by the Directors on 15 AUG 2017

On behalf of the Board



Director: Tam Fung Chee
Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ETERNAL FLAME ACTION
(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)

Opinion

We have audited the financial statement of Eternal Flame Action ("the Company") set out on pages 6 to 11, which comprise the statement of financial position as at 31 March 2017, and the income statement for 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 Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the report other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified 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 on the other information, 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 AUDITOR'S REPORT

TO THE MEMBERS OF ETERNAL FLAME ACTION

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the 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 have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion 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. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETERNAL FLAME ACTION

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- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

HORIZON (HK) CPA Limited
Certified Public Accountants
Li Ka Sing
Practising Certificate Number P01487
Hong Kong, 15 AUG 2017

ETERNAL FLAME ACTION

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

Income statement

for the year ended 31 March 2017

| | Note | 2017 HK\$ | 2016 HK\$ |
|---|------|------------------------|-------------------------|
| Revenue | 3 | 246,924 | 52,566 |
| Training and workshop | 4 | (11,881) | (2,600) |
| Other income | 5 | 1 | 803 |
| Administrative and other operating expenses | | <u>(248,748)</u> | <u>(299,587)</u> |
| Deficits before tax | | (13,704) | (248,818) |
| Income tax expense | 7 | <u>-</u> | <u>-</u> |
| Deficits for the year | 8 | <u><u>(13,704)</u></u> | <u><u>(248,818)</u></u> |

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

ETERNAL FLAME ACTION

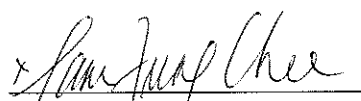
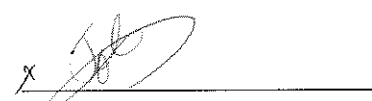
(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)

Statement of financial position

as at 31 March 2017

| | Note | 2017 HK\$ | 2016 HK\$ |
|-----------------------------------|------|----------------|----------------|
| Current assets | | | |
| Prepayments and other receivables | | 91,619 | 277,829 |
| Cash and bank balances | | 279,938 | 183,341 |
| | | <u>371,557</u> | <u>461,170</u> |
| Current liabilities | | | |
| Accruals and other payables | | - | 1,927 |
| Received in advance | | 37,418 | 111,400 |
| | | <u>37,418</u> | <u>113,327</u> |
| Net current assets | | <u>334,139</u> | <u>347,843</u> |
| Net assets | | <u>334,139</u> | <u>347,843</u> |
| Equity | | | |
| Accumulated surplus | 9 | <u>334,139</u> | <u>347,843</u> |
| | | <u>334,139</u> | <u>347,843</u> |

Approved on behalf of the Board by:


Director: Tam Fung Chee
Director: Yeung Sui Kuen,
Jolene

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

ETERNAL FLAME ACTION

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Schedule to detailed income statement

for the year ended 31 March 2017

1. General

Eternal Flame Action is a company domiciled and incorporated in Hong Kong with limited liability. The Company's registered office is located at Flat 101, G/F, Magnolia House, Ma Tau Wai Estate, Tokwawan, Kowloon. The principal activity of the Company is a charity institute with 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.

Unless stated otherwise, all currency figures in these financial statements are presented in Hong Kong Dollars (HK\$).

2. Basis of preparation and accounting policies

The Company qualifies for the reporting exemption as a small private 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 benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

- (i) Donation and subvention are recognised upon received.
- (ii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(b) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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

Schedule to detailed income statement

for the year ended 31 March 2017

(c) Foreign exchange

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

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

(d) 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.

(e) Other receivables

Other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

| 3. Revenue | 2017 HK\$ | 2016 HK\$ |
|---|----------------|---------------|
| An analysis of the Company's revenue is as follows: | | |
| Donation received | 68,989 | 17,027 |
| Membership fee received | - | 140 |
| Subventions received | 60,800 | - |
| Flag day on 26 July 2017 | 117,135 | - |
| | <u>246,924</u> | <u>17,167</u> |

4. Training and workshop

An analysis of the Company's income/(expenses) relating to training and workshop is as follows:

| | | |
|---------------------------------|-----------------|---------------|
| SLP 9 / SLP 8 | 10,948 | 2,293 |
| YHC Camp 47-49 / YHC Camp 44-46 | (79,288) | 22,678 |
| 電影籌款 | 27,947 | - |
| 街頭義賣籌款 | 30,534 | - |
| 綜合日 | (2,022) | - |
| Life game 2016 | - | 10,393 |
| AYP | - | 35 |
| | <u>(11,881)</u> | <u>35,399</u> |

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Schedule to detailed income statement

for the year ended 31 March 2017

| 5. Other income | 2017 HK\$ | 2016 HK\$ |
|----------------------|--------------|--------------|
| Bank interest income | 1 | 3 |
| Sundry income | - | 800 |
| | <u>1</u> | <u>803</u> |

6. Directors remuneration and loans

Remuneration of the directors (including former directors and shadow directors) of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Emoluments (including benefit in kind)

| | | |
|----------------------------------|----------|----------|
| Acting as directors | - | - |
| Provision of management services | - | - |
| | <u>-</u> | <u>-</u> |

During the year, there's no loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

During the year, there's no loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director.

During the year, there's no Guarantee or security in connection with loans, quasi-loans and credit transactions.

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 (2016: Nil).

8. Deficits for the year

Deficits for the year is arrived at:

After charging/(crediting) the following items:

| | | |
|------------------|----------------|----------------|
| MPF contribution | 7,223 | 9,000 |
| Staff costs | <u>144,458</u> | <u>180,000</u> |

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Schedule to detailed income statement

for the year ended 31 March 2017

| 9. Changes in equity | Accumulated surplus HK\$ |
|-----------------------------|--------------------------------|
| At 31 March 2016 | 347,843 |
| Deficits for the year | <u>(13,704)</u> |
| At 31 March 2017 | <u><u>334,139</u></u> |

10. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 15 AUG 2017

-End of Notes-