

LOVE FOUNDATION LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**



S. F. Kwok & Co.
Certified Public Accountants

LOVE FOUNDATION LIMITED

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LOVE FOUNDATION LIMITED

EXECUTIVE COMMITTEE'S REPORT

The Executive Committee members of Love Foundation Limited (the "Foundation") have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2017.

PRINCIPAL PLACE OF BUSINESS

The Foundation is a company incorporated in Hong Kong and has its registered office and principal place of activity at 9/F., Chi Ko Industrial Building, 17 Cheung Lee Street, Chai Wan, Hong Kong.

PRINCIPAL ACTIVITY

The Foundation is engaged in charity and caring activities.

BUSINESS REVIEW

Our Objective

The Foundation is a charitable organisation supporting local units in the rural regions of China in caring for the Left-behind children, with focus to enhance the children's learning abilities, improve the environment of their growing up, promote their physical and mental development and cultivate proper life values in them. The Foundation supports the Left-behind women to live with self-confidence and renewed value, and helps the Left-behind elderlies to enjoy their old age with hope and comfort. The Foundation also serves with an aim to enhance the Hong Kong community with positive-outlook, inspiration and beliefs through blessing events.

Our Services

- Support local units in rural regions of China to run "Happy Summer Camp" for the Left-behind children, focusing on learning abilities, self-confidence and character building.
- Provide training for volunteers to become teachers and helping-moms in rural regions to participate in the Love 'n Care Campaign for the children, and thus assist elderlies to live with less hardship and burden in child-caring.
- Supply equipment such as computers and projectors, and subsidise those local units in need to enhance their service level.
- Arrange home visits to the Left-behind children's families, and provide them with essentials for living.
- Provide materials and workbooks for the "Happy Summer Camp" children.
- Provide academic grants to the Left-behind children with financial needs.
- Provide free medical check-up service, such as dental and eye care.
- Conduct blessing events throughout the Hong Kong districts as part of social caring service.

LOVE FOUNDATION LIMITED

EXECUTIVE COMMITTEE'S REPORT

(continued)

BUSINESS REVIEW (CONT'D)

Financial Highlights

- The Foundation has a net revenue of HK\$22.6M contributing to the accumulated funds this year. Such funds allow the Foundation to continue their existing activities and operation, such as procurement of equipment supplies that has been budgeted at a total of HK\$16M for the Left-behind children ministry activities to be held in July/ August 2017.
- Annual Fundraising Dinner revenue collected for the support of Left-behind children ministry contributed to 82.5% of the total revenue for the year. It also represents a significant increase of 144% over last year's fund raised, due to fund-matching donations collected. This shows the significant dependence of the Foundation's funding on the fundraising dinner held each year.
- The relevant Annual Fundraising Dinner expenditure incurred was 2.1% of the funds generated. Further, in considering the meal cost which was actually fully sponsored in form of donation, it has indirectly contributed to a substantial saving in the Fundraising Dinner expenditure incurred; thus bringing the expenditure to much lesser spending of the funds generated.
- Ministry expenditure accounted for 94.7% of the total expenditure incurred for the year. This indicates that expenditure was well utilised on ministry events.
- Administrative expenditure was also well managed. It accounted for 5.3% of the total expenditure incurred for the year; and amounted to 2.04% of the total revenue for the year.

Operating and Reserve Funds

Accumulated Funds (previously named as "Accumulated Surplus") include Operating Fund and Reserve Fund. Operating Fund allows the Foundation to undertake their operation and administration activities. The Executive Committee has plans to support more rural regions as well as organising various charitable programmes and blessing events in the future years. Along with the growing activities, the Committee also has plans for future expansion and development according to the Foundation's mission and visions. As such, Reserve Fund has been set-up to meet the potential growth, besides provision for future contingencies.

Internal Control

In October 2016, an Audit Committee has been established by the Executive Committee as its sub-Committee. The sub-Committee comprises two members who are independent non-executives. The sub-Committee considers the appointment and the remuneration of the external auditor, discusses the internal and external audit matters, reviews the financial statements and internal control system of the Foundation. Over the financial periods, the sub-Committee has received reports on the Internal Audit work on a regular basis.

LOVE FOUNDATION LIMITED

EXECUTIVE COMMITTEE'S REPORT

(continued)

RESULTS AND APPROPRIATIONS

The net revenue of the Foundation for the year ended 31st March 2017 and the state of the Foundation's affairs as at that date are set out in the Foundation's financial statements on page 8 to 18.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment are shown in note 10 to the financial statements.

EXECUTIVE COMMITTEE MEMBERS

The Executive Committee members of the Foundation during the year and up to the date of this report were :

Chiang Lai Ping Agnes

Luk Brian

Tan Chiu Joise

Chan Suk Ling Shirley (appointed on 11 October 2016)

Tam Wai Chu Maria (appointed on 11 October 2016)

In accordance with article 45 of the Foundation's Articles of Association, all the Executive Committee members shall retire from office but shall be eligible for re-election.

PERMITTED INDEMNITY PROVISION

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more directors of the Foundation.

At 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 Foundation.

ARRANGEMENTS TO PURCHASE SHARES OF DEBENTURES

At no time during the year was the Foundation a party to any arrangements to enable the Executive Committee members of the Foundation to acquire benefits by means of the acquisition of shares in, or debentures of, the Foundation or any other body corporate.

EXECUTIVE COMMITTEE'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Foundation's activities to which the Foundation was a party and in which an Executive Committee member of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

LOVE FOUNDATION LIMITED

EXECUTIVE COMMITTEE'S REPORT

(continued)

DONATIONS

During the year, the Foundation made donations, in cash or cash equivalents, amounting to HK\$11,797,612 (2016 - HK\$ 12,519,498).

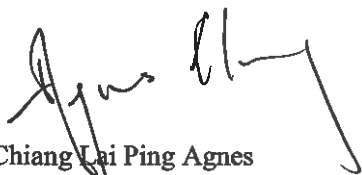
MANAGEMENT CONTRACTS

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

AUDITORS

The financial statements have been audited by S. F. Kwok & Co., Certified Public Accountants who retire and, being eligible, offer themselves for re-appointment.

On Behalf of the Board



Chiang Lai Ping Agnes
Chairman

Hong Kong, 16th October 2017

S. F. Kwok & Co.

Certified Public Accountants

Room 1609-11, 16/F, Tai Yau Building,
181 Johnston Road, Wanchai, Hong Kong.
Tel: (852) 2866 8332 Fax: (852) 2520 5963
G.P.O. Box 5780, HK



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVE FOUNDATION LIMITED

(a company limited by guarantee incorporated in Hong Kong)

Opinion

We have audited the financial statements of Love Foundation Limited ("the Foundation") set out on pages 8 to 18, which comprise the statement of financial position as at 31st March 2017, and the statement of income and general fund and 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 31st March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") 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") 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 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 Auditor's Report Thereon

The Executive Committee is responsible for the other information. The other information comprises the information included in the Executive Committee's report, but does not include 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 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.

S. F. Kwok & Co.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVE FOUNDATION LIMITED

(a company limited by guarantee incorporated in Hong Kong)
(continued)

Responsibilities of the Executive Committee for the Financial Statements

The Executive Committee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Executive Committee 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 Executive Committee is 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 Executive Committee either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's report that includes our opinion. We 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. 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 Foundation's internal control.

S. F. Kwok & Co.

Certified Public Accountants

Room 1609-11, 16/F, Tai Yau Building,
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVE FOUNDATION LIMITED

(a company limited by guarantee incorporated in Hong Kong)
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the Executive Committee's 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 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 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 the Executive Committee 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.

S. F. KWOK & CO.

Certified Public Accountants

**Room 1609-11, 16/F, Tai Yau Building,
181 Johnston Road, Wanchai, Hong Kong.
16th October 2017**

LOVE FOUNDATION LIMITED

**STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 31ST MARCH 2017**

	Note	2017 HK\$	2016 HK\$
Revenue	4	36,702,920	20,549,909
Ministry expenditure	5	(13,322,644)	(14,027,982)
Administrative expenditure		(748,751)	(719,132)
Net revenue for the year	6	22,631,525	5,802,795
Accumulated funds at the start of the year		18,128,487	12,325,692
Accumulated funds at the end of the year		<u>40,760,012</u>	<u>18,128,487</u>

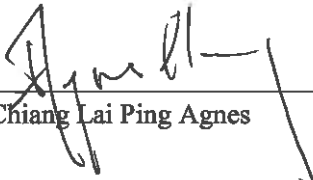
The notes on pages 11 to 18 form an integral part of these financial statements.

LOVE FOUNDATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2017**

	Note	2017 HK\$	2016 HK\$
ASSETS			
Current assets			
Cash and cash equivalents	8	38,056,590	17,375,937
Accounts receivables		-	111,026
Deposits and prepayments	9	2,586,337	474,556
		<u>40,642,927</u>	<u>17,961,519</u>
Non-current assets			
Plant and equipment	10	140,393	93,993
Intangible assets	11	23,295	97,585
		<u>163,688</u>	<u>191,578</u>
Total assets		<u>40,806,615</u>	<u>18,153,097</u>
LIABILITIES AND EQUITY			
Current liabilities			
Other payables	12	46,603	24,610
Accumulated funds			
Total liabilities and equity	13	<u>40,760,012</u>	<u>18,128,487</u>
		<u>40,806,615</u>	<u>18,153,097</u>

The financial statements were approved and authorised for issue by the Executive Committee on 16th October 2017.


Chiang Lai Ping Agnes


Tan Chiu Joise

The notes on pages 11 to 18 form an integral part of these financial statements.

LOVE FOUNDATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2017**

	Note	2017 HK\$	2016 HK\$
Operating activities			
Net revenue for the year		22,631,525	5,802,795
Adjustments for:			
Interest income		(2,878)	(3,623)
Amortisation		74,290	73,401
Depreciation		87,106	69,396
Operating cash flow before changes in working capital		22,790,043	5,941,969
Decrease/(increase) in accounts receivables		111,026	(58,694)
Increase in deposits and prepayments		(2,111,781)	(455,726)
Increase/(decrease) in other payables		21,993	(37,169)
Net cash generated from operating activities		20,811,281	5,390,380
Investing activities			
Interest received		2,878	3,623
Purchases of plant and equipment		(133,506)	(110,490)
Purchases of intangible assets		-	(8,000)
Net cash used in investing activities		(130,628)	(114,867)
Net increase in cash and cash equivalents		20,680,653	5,275,513
Cash and cash equivalents at 1st April		17,375,937	12,100,424
Cash and cash equivalents at 31st March	8	38,056,590	17,375,937

The notes on pages 11 to 18 form an integral part of these financial statements.

LOVE FOUNDATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

1. GENERAL

Love Foundation Limited ("the Foundation") is a company limited by guarantee. Every member of the Foundation undertakes to contribute an amount of not exceeding ten dollars in the event of its being wound up during the time that he or she is a member, or within one year afterwards.

The address of its registered office and principal place of activity is 9/F., Chi Ko Industrial Building, 17 Cheung Lee Street, Chai Wan, Hong Kong.

The Foundation is engaged in charity and caring activities.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Foundation falls within the reporting exemption for the reporting period under section 359(1) of the Hong Kong Companies Ordinance. Nevertheless, the Executive Committee resolved not to take advantage of the reporting exemption and these financial statements comply with Hong Kong Financial Reporting Standard for Private Entities (HKFRSs for PE).

The financial statements comply with all applicable sections of HKFRSs for PE and have been prepared under the accrual basis of accounting and on the basis that the Foundation is a going concern. They have also been prepared under the historical cost convention.

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Foundation's functional and presentation currency.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts, rebates, returns and sales-related taxes.

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably, as follows:

- (i) Donations are recorded as income on cash basis.
- (ii) Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.
- (iii) Income on fundraising dinner and other events are recognised on cash basis

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

LOVE FOUNDATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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

(d) Other receivables

Other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables.

(e) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the Foundation will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of plant and equipment:

Furniture and fixtures	50%
Computer equipment	50%
Office equipment	50%

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(f) Intangible assets

Intangible assets are website development, server setup and interface design that is stated at cost less accumulated amortisation and any accumulated impairment losses. It is amortised over its estimated life of three years using the straight-line method. If there is an indication that there has been a significant change in the amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

(g) Other payables

Other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(h) Taxation

No provision has been made for Hong Kong profits tax since the Foundation has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable organisation of a public character.

LOVE FOUNDATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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

(i) Employee benefit obligations

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Foundation at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

(k) Impairment of non-financial assets, other than inventories

At each reporting date, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

The Foundation makes assumptions and estimates as appropriate in the preparation of the financial statements. The assumptions and estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances and will, by definition, seldom equal the related actual results. The major estimates and assumptions include the useful life of plant and equipment and intangible assets, the fair value of financial assets and liabilities and the determination of taxation.

LOVE FOUNDATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

4. REVENUE

Revenue recognised during the year are as follows:

	2017 HK\$	2016 HK\$
<u>Left-behind Children Ministry</u>		
- General donations	5,739,458	7,462,979
- Fundraising dinner donations	25,905,057	6,563,759
- Fundraising dinner other revenue	4,391,300	5,852,638
- Other event revenue	330,197	194,500
<u>Blessing Ministry</u>		
- General donations	334,030	472,410
<u>Other revenue</u>		
- Interest income	2,878	3,623
	<u>36,702,920</u>	<u>20,549,909</u>

5. MINISTRY EXPENDITURE

	2017 HK\$	2016 HK\$
<u>Left-behind Children Ministry</u>		
- Donations disbursements (Note 5(a))	11,797,612	12,519,498
- Fundraising dinner expenditure	627,448	691,073
- Other event expenditure	196,779	146,839
<u>Blessing Ministry</u>		
- Expenditure for blessing ministry	121,550	116,826
<u>Other Ministry Expenditure</u>		
- Other Ministry Expenditure	579,255	553,746
	<u>13,322,644</u>	<u>14,027,982</u>

(a) Donations disbursements include plant and equipment, books, materials, training courses and education support, etc. provided in respect of the Left-behind children activities.

LOVE FOUNDATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

6. NET REVENUE FOR THE YEAR

Net revenue for the year is stated after charging the following:

	2017 HK\$	2016 HK\$
Auditor's remuneration	13,500	13,500
Amortisation	74,290	73,401
Depreciation	87,106	69,396
Exchange difference	89,311	21,226
Operating leases - land and building	180,000	125,552
Staff costs - salary and allowances	621,857	550,239
- contribution to mandatory provident fund	30,867	25,166

7. EMOLUMENTS AND OTHER MATTERS RELATING TO THE EXECUTIVE COMMITTEE MEMBERS

- (a) None of the Executive Committee members ("the members") received or will receive any fees or emoluments in respect of their service to the Foundation during the year (2016 - Nil).

There were no payments made or benefit provided in respect of the termination of the service of the members, whether in the capacity of the members or in any other capacity while the members.

- (b) Loans, quasi-loans and other dealings in favour of the members, controlled bodies corporate and other connected entities

There were no loans to the members and bodies corporates controlled by them.

- (c) The members' material interests in transactions, arrangements or contracts

No transactions, arrangements or contracts of significance in relation to the Foundation's activity to which the Foundation was a party and in which the members of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year and the previous year.

- (d) Guarantees to banks for loans granted to the members of the Foundation

The Foundation had not paid or incurred any liability for the purpose of fulfilling the guarantee or discharging the security given to banks for loans granted to the members during the year and the previous year.

- (e) There were no consideration provided to or receivable by third parties for making available the services of a person as the members or in any other capacity while the members.

LOVE FOUNDATION LIMITED

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

8. CASH AND CASH EQUIVALENTS

	2017 HK\$	2016 HK\$
Cash at banks	38,048,451	17,305,061
Cash in hand	8,139	70,876
	<u>38,056,590</u>	<u>17,375,937</u>

9. DEPOSITS AND PREPAYMENTS

	2017 HK\$	2016 HK\$
Deposits and prepayments	<u>2,586,337</u>	<u>474,556</u>

Deposits and prepayments include payments for purchase of equipment and books provided in respect of the Left-behind children activities, and rental deposit etc.

10. PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Computer equipment HK\$	Office equipment HK\$	Total HK\$
Cost				
At 1/4/2016	44,250	133,193	31,990	209,433
Additions	-	129,258	4,248	133,506
At 31/3/2017	<u>44,250</u>	<u>262,451</u>	<u>36,238</u>	<u>342,939</u>
Accumulated depreciation				
At 1/4/2016	13,525	87,142	14,773	115,440
Charge for the year	16,725	59,090	11,291	87,106
At 31/3/2017	<u>30,250</u>	<u>146,232</u>	<u>26,064</u>	<u>202,546</u>
Net book value				
At 31/3/2017	<u>14,000</u>	<u>116,219</u>	<u>10,174</u>	<u>140,393</u>

LOVE FOUNDATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

11. INTANGIBLE ASSETS

	Website development, server setup and interface design HK\$
Cost	
At 1/4/2016 and 31/3/2017	222,870
Accumulated amortisation	
At 1/4/2016	125,285
Charge for the year	74,290
At 31/3/2017	199,575
Net book value	
At 31/3/2017	23,295

12. OTHER PAYABLES

	2017 HK\$	2016 HK\$
Accruals	46,603	24,610

13. ACCUMULATED FUNDS

	2017 HK\$	2016 HK\$
Operating fund	25,760,012	18,128,487
Reserve fund	15,000,000	-
	40,760,012	18,128,487

Under the provisions of the Foundation's Articles of Association, accumulated funds of the Foundation are not available for distribution to members and are to be used solely for promotion of the objects of the Foundation.

LOVE FOUNDATION LIMITED

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

14. COMMITMENTS

At the end of the year, the Foundation had outstanding commitments under non-cancellable operating leases that fall due as follows:

	2017 HK\$	2016 HK\$
Not later than one year	15,000	150,000

15. COMPARATIVE FIGURES

Due to the reclassification of revenue, ministry and administrative expenditures, certain comparative figures have been restated to conform consistency of presentation.