

VIVA NETWORK (HONG KONG) LIMITED

童 心 攜 守 有 限 公 司

**(Incorporated in Hong Kong under the Companies
Ordinance and Limited by Guarantee)**

2020

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

REPORT OF THE DIRECTORS

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

PRINCIPAL PLACE OF BUSINESS

The Company is incorporated and domiciled in Hong Kong and has its registered office at 608, 6th Floor, Laford Centre, 838 Lai Chi Kok Road, Kowloon, Hong Kong and principal place of business at Room TA07, 6th Floor, Woon Lee Commercial Building, 7-9 Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Company are raising funds, awareness and prayer for children at risk through Viva's networks around the world, with a particular emphasis on Asia:

- To reduce and alleviate child poverty worldwide by enabling Christians and others to work together effectively and appropriately;
- To improve quality of life for children at risk, through training and provision of quality services that enhance their protection, development, health, education, nutrition and welfare; and
- To work with children at risk, enabling them to identify their talents, achieve their potential and participate in changing their communities for good.

FINANCIAL STATEMENTS

The financial performance of the company for the year ended 31 March 2020 and the financial position of the company at that date are set out in the financial statements on pages 7 to 14.

EQUITY-LINKED ARRANGEMENTS

The company had no equity-linked agreement subsisted at the end of the year or at any time during the year.

VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

REPORT OF THE DIRECTORS (Continued)

DIRECTORS

The names of persons who were the directors of the Company during the financial year and up to the date of this report are as follows:

Robert James Barnett LILWALL

Philip NIEM

Colum Sebastian Joseph BANCROFT

Stephen Yang BARRY

Jacky Kwok Yiu LAM

(appointed on 8 August 2019)

Jessica EVANS

(appointed on 21 January 2020)

Yan Kay Rachel LAM

(resigned on 24 October 2019)

Catherine Anne GRAHAM

(resigned on 13 August 2020)

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 company.

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 company.

BUSINESS REVIEW

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for those transactions disclosed in note 9 to the financial statements, no other transaction, arrangement or contracts of significance 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.

APPROVAL OF DIRECTORS' REPORT

This report was approved by the directors on 17 December 2020.

By order of the board

Robert James Barnett LILWALL

Director

Hong Kong



LAM & CHUI CPA LIMITED

Certified Public Accountants

林 徐 會 計 師 行 有 限 公 司

Chui Wing Kit 徐 榮 傑
FCPA (Practising), FCCA, ATiHK

Lam Kwok Hong 林 國 康
FCPA (Practising), FCCA

Yeung Kin Lai 楊 建 禮
CPA (Practising), FCCA

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Page 3

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and limited by guarantee)

Opinion

We have audited the financial statements of Viva Network (Hong Kong) Limited ("the company") set out on pages 7 to 14, which comprise the statement of financial position as at 31 March 2020, and the income statement 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 my audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 Auditor's Responsibilities for the Audit of the Financial Statements section of my 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 my 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIVA NETWORK (HONG KONG) LIMITED (Continued)**

(Incorporated in Hong Kong under the Companies Ordinance and limited by guarantee)

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the directors' 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.

Responsibilities of the 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 sole director determines 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIVA NETWORK (HONG KONG) LIMITED (Continued)**

(Incorporated in Hong Kong under the Companies Ordinance and limited by guarantee)

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. 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 HKSA's 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 HKSA's, 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.
- 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIVA NETWORK (HONG KONG) LIMITED (Continued)**

(Incorporated in Hong Kong under the Companies Ordinance and limited by guarantee)

Auditor's responsibilities for the audit of the financial statements (Continued)

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.

Lam & Chui CPA Limited
Certified Public Accountants
Hong Kong, 17 December 2020
Chui Wing Kit
Practising Certificate No.: P2153

VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	Note	<u>2020</u> HK\$	<u>2019</u> HK\$
Donation income	3	1,783,811	1,779,563
Other revenue		75,288	338,329
Other income		200	27,786
		<u>1,859,299</u>	<u>2,145,678</u>
Administrative & other operating expenses		(2,698,360)	(1,388,692)
(Deficit)/Surplus before taxation	4	<u>(839,061)</u>	<u>756,986</u>
Income tax	6	-	-
(Deficit)/Surplus for the year		<u><u>(839,061)</u></u>	<u><u>756,986</u></u>

The accompanying Accounting Policies and Explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.


VIVA NETWORK (HONG KONG) LIMITED

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STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2020

	Note	<u>2020</u>	<u>2019</u>
		HK\$	HK\$
Current assets			
Accounts and other receivables		34	83,800
Deposits paid		19,200	19,200
Bank balances		168,366	931,280
		<u>187,600</u>	<u>1,034,280</u>
Current liabilities			
Accounts payables & accruals		<u>6,886</u>	<u>14,505</u>
Net current assets		<u>180,714</u>	<u>1,019,775</u>
Net assets		<u>180,714</u>	<u>1,019,775</u>
Reserve			
General fund	7	<u>180,714</u>	<u>1,019,775</u>

Approved and authorized for issue by the board of directors



Robert James Barnett LILWALL
Director



Philip NIEM
Director

The accompanying Accounting Policies and Explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020****1. GENERAL****(a) Corporate information**

Viva Network (Hong Kong) Limited is a charitable organisation in Hong Kong. Under the provision of the Company's Articles of Association, every member shall, in the event of the Company being wound up, contribute such amount as may be required to meet the liabilities of the Company but not exceeding HK\$100 each.

(b) Reporting currency

Unless stated otherwise, all currency figures in these financial statements are presented in Hong Kong Dollars (HK\$) rounded to the nearest one dollar.

2. SIGNIFICANT 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

Donation income is recognized on a receipt basis.

VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(b) 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.

(c) 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.

(d) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the company are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(e) Accounts and other receivables**

Accounts and 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.

(f) Related parties

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

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or the company's parent.

(b) An entity is related to the company if any of the following conditions applies:

- (i) 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).
- (ii) 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).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) 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).

VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)****3. DONATION INCOME**

The Company is an approved charitable institution in Hong Kong. It aims to improve the lives of children at risk with a particular emphasis on Asia.

Donation income is received from the different kinds of sponsors as follows:

	2020	2019
	HK\$	HK\$
Donation income from:		
- individuals	1,421,119	1,150,964
- fund raising events	38,150	140,576
- charity organisations	72,500	230,309
- corporations	37,881	77,656
- Viva North America (a US registered charity)	87,782	180,058
- Viva Network (a UK registered charity)	126,379	-
Total donation income	<u>1,783,811</u>	<u>1,779,563</u>

4. (DEFICIT)/SURPLUS BEFORE TAXATION

(Deficit)/Surplus before taxation is arrived at after charging:

	2020	2019
	HK\$	HK\$
Grants & donations paid	1,470,013	194,038
Operating lease charges in respect of a property	115,200	115,200
Employee benefit costs		
- Fees, salaries, wages and other short-term benefits	940,607	827,637
- Expenses for defined contribution scheme	37,339	39,823
- Interest of defined contribution scheme	-	-
- Equity-settled share-based payment expenses	-	-
- Termination benefit	-	-
	<u>977,946</u>	<u>867,460</u>

VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)****5. DIRECTORS' REMUNERATION**

Directors' remuneration 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 follows:

	2020 HK\$	2019 HK\$
Acting as directors		
- Emoluments (including benefit in kind)	-	-
- Retirement benefits	-	-
- Compensation for termination of directors' services	-	-
	-----	-----
Provision of management services		
- Emoluments (including benefit in kind)	-	-
- Retirement benefits	-	-
- Compensation for termination of directors' services	-	-
	-----	-----
Total	-----	-----

6. INCOME TAX

No provision has been made for Hong Kong profits tax as the Company has been exempted from profits tax under section 88 of the Inland Revenue Ordinance.

7. CHANGES IN RESERVE

	General Fund

Balance at 31 March 2019	HK\$ 1,019,775
Deficit for the year	(839,061)
Balance at 31 March 2020	----- 180,714

VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)****8. COMMITMENTS UNDER OPERATING LEASES**

The Company had the following total future minimum lease payments payable under non-cancellable operating leases:

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Not later than one year	19,200	19,200
Later than one year	-	-
	<u>19,200</u>	<u>19,200</u>

9. RELATED PARTY TRANSACTIONS

The Company had the following material related party transactions during the year with a related charitable organization in North America and the United Kingdom, Viva Network. Mr. Robert James Barnett LILWALL, director of the Company, is also director of Viva Network in the United Kingdom.

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Donation income received	214,161	180,058
Grants & donations paid	<u>1,395,877</u>	<u>194,038</u>

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

10. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform to the current year's presentation.

11. APPROVAL AND ISSUE OF FINANCIAL STATEMENTS

The statement of financial position was approved and the financial statements were authorized for issue by the directors on 17 December 2020.

VIVA NETWORK (HONG KONG) LIMITED

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Donation income	1,783,811	1,779,563
Exchange gain	200	27,786
Interest income	488	329
Sundry income	<u>74,800</u>	<u>338,000</u>
	<u>1,859,299</u>	<u>2,145,678</u>
Less: Expenses		
Auditor's remuneration	6,600	6,600
Bank charges	19,509	17,926
Donor events	1,988	1,956
Fundraising & networking expenses	66,714	107,579
Grants & donations paid	1,470,013	194,038
Hospitality	1,704	3,749
Insurance	3,226	3,085
Mandatory provident fund contribution	37,339	39,823
Rent & rates	115,200	115,200
Secretarial fee	7,500	12,500
Salaries & allowances	940,607	827,637
Stationery & office supplies	10,220	18,639
Sundry expenses	2,451	2,945
Telecommunication	2,430	-
Travelling expenses	<u>12,859</u>	<u>37,015</u>
	<u>2,698,360</u>	<u>1,388,692</u>
(Deficit)/Surplus for the year	<u><u>(839,061)</u></u>	<u><u>756,986</u></u>