

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

REPORT OF THE DIRECTORS FOR 2017

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

AquaMeridian Conservation & Education Foundation Limited (the Foundation) is a company, limited by guarantee and not having a share capital, incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Unit 1323, 13/F., Reality Tower, No. 4 Sun On Street, Chai Wan, Hong Kong. The principal activities of the Foundation are to advance the protection of environment in Hong Kong, to protect the global marine ecology and conservation of natural marine resources, to increase public interest in environment education and oceanic conservation, and to grant assistance to candidates for their education which provide formal training in global marine ecology and oceanic conservation.

RESULTS AND APPROPRIATIONS

The financial performance of the Foundation for the year ended 31 March 2017 and the financial position of the Foundation as at that date are set out in the financial statements on pages 6 to 11.

In accordance with Clause 4 of the Foundation's Memorandum of Association, no dividend is allowed.

DIRECTORS

The directors who held office during the year were:-

Sharon Kwok Pong
Peter Edward Jackson

In accordance with Article 38 of the Foundation's Articles of Association, all directors retire, and being eligible, offer themselves for re-election.

DIRECTORS' INTEREST

No contracts of significance to which the Foundation, was a party and in which a director 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.

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

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

REPORT OF THE DIRECTORS FOR 2017


PERMITTED INDEMNITY PROVISION

Article 73 of the Foundation's Articles of Association provides that every director or officer of the Foundation shall be indemnified out of the assets of the Foundation against any liability incurred by him in relation to the Foundation in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted or in connection with an application under section 358 of the predecessor Hong Kong Companies Ordinance (Cap. 32) (equivalent to sections 903 and 904 of the Hong Kong Companies Ordinance (Cap. 622)) in which relief is granted to him by the court. This permitted indemnity provision is in force during the financial year and at the time of approval of this report.

AUDITOR

A resolution for the reappointment of Thomas So & Partners CPA Limited as auditor of the Foundation is to be proposed at the forthcoming annual general meeting.

On behalf of the Board



Sharon Kwok Pong
Chairman

Hong Kong

Dated : 12 DEC 2017

Thomas So & Partners CPA Limited

Certified Public Accountants (Practising)

Unit A, 9/F., Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong. TEL: 2543 3906 FAX: 2542 1543

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY LIMITED BY GUARANTEE)

Qualified Opinion

We have audited the financial statements of AquaMeridian Conservation & Education Foundation Limited ("the Foundation") set out on pages 6 to 11, which comprise the statement of financial position as at 31 March 2017, and the statement of income and accumulated surpluses 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements give a true and fair view of the financial position of the Foundation as at 31 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 Qualified Opinion

Limitation of audit scope in respect of going concern

We draw attention to note 2 to the financial statements, which indicates that the Foundation has incurred losses in prior year, and at the end of the reporting period, the Foundation's current liabilities exceeded its total assets by HK\$388,641.99. These events or conditions, along with other matters as set forth in that note, indicate that a material uncertainty exists that may cast significant doubt on the Foundation's ability to continue as a going concern. The financial statements have been prepared on a going concern basis; the validity of which depends on the continued financial support of the founder member of the Foundation. Had the financial statements not been prepared on a going concern basis, adjustments would have been made to restate the value of the assets to net realisable value, and to provide for any further liabilities which might arise.

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 qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report set out on pages 1 to 2, but does not include the financial statements and our auditor's report thereon.

Thomas So & Partners CPA Limited

Certified Public Accountants (Practising)

Unit A, 9/F., Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong. TEL: 2543 3906 FAX: 2542 1543

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY LIMITED BY GUARANTEE)

Other Information (continued)

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 Directors for the Financial Statements

The directors are 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 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 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 directors either intend to liquidate the Foundation or to cease operations, or have 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Thomas So & Partners CPA Limited

Certified Public Accountants (Practising)

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY LIMITED BY GUARANTEE)

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

- 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.
- 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 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 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.



Thomas So & Partners CPA Limited
Certified Public Accountants (Practising)
Lee Chuen Kei
Practising Certificate number P02506

Hong Kong

Dated: 12 DEC 2017

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED


STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017


(EXPRESSED IN HONG KONG DOLLARS)

	<u>2017</u> HK\$	<u>2016</u> HK\$
CURRENT ASSETS		
Deposit and prepayment	50,100.00	25,500.00
Bank balances	86,258.01	32,114.36
	136,358.01	57,614.36
LESS: CURRENT LIABILITIES		
Accruals	25,000.00	24,000.00
Loan payable (Note 3)	500,000.00	500,000.00
	525,000.00	524,000.00
NET CURRENT LIABILITIES	<u>(388,641.99)</u>	<u>(466,385.64)</u>
NET LIABILITIES	<u>(388,641.99)</u>	<u>(466,385.64)</u>
RESERVE		
Accumulate defecits	<u>(388,641.99)</u>	<u>(466,385.64)</u>

The notes on pages 9 to 11 form part of these financial statements.

Approved and authorized for issue by the Board of Directors on 12 DEC 2017


Sharon Kwok Pong
Director


Peter Edward Jackson
Director

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

STATEMENT OF INCOME AND ACCUMULATED SURPLUSES
FOR THE YEAR ENDED 31 MARCH 2017

(EXPRESSED IN HONG KONG DOLLARS)

	<u>2017</u> HK\$	<u>2016</u> HK\$
Revenue (Note 4)	562,078.00	279,214.48
Other income (Note 5)	37,988.65	1,601.03
Operating expenses	<u>(522,323.00)</u>	<u>(772,643.98)</u>
SURPLUS/(DEFICIT) FOR THE YEAR	77,743.65	(491,828.47)
ACCUMULATED (DEFICITS)/SURPLUSES BROUGHT FORWARD	<u>(466,385.64)</u>	<u>25,442.83</u>
ACCUMULATED DEFECITS CARRIED FORWARD	<u><u>(388,641.99)</u></u>	<u><u>(466,385.64)</u></u>

The notes on pages 9 to 11 form part of these financial statements.

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2017

(EXPRESSED IN HONG KONG DOLLARS)

	<u>2017</u> HK\$	<u>2016</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	77,743.65	(491,828.47)
Adjustment for: -		
Interest income	-	(1.03)
Operating surplus/(deficit) before working capital changes	77,743.65	(491,829.50)
Increase in deposit and prepayment	(24,600.00)	(25,500.00)
Increase in accruals	1,000.00	8,000.00
Cash generated from/(used in) operating activities	54,143.65	(509,329.50)
Interest expenses	-	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	54,143.65	(509,329.50)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	-	1.03
NET CASH FROM INVESTING ACTIVITIES	-	1.03
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new loan payable	-	500,000.00
NET CASH FROM FINANCING ACTIVITIES	-	500,000.00
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	54,143.65	(9,328.47)
CASH AND CASH EQUIVALENT BROUGHT FORWARD	32,114.36	41,442.83
CASH AND CASH EQUIVALENT CARRIED FORWARD	86,258.01	32,114.36
ANALYSIS OF CASH AND CASH EQUIVALENTS CARRIED FORWARD		
Bank balances	86,258.01	32,114.36

The notes on pages 9 to 11 form part of these financial statements.

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

(EXPRESSED IN HONG KONG DOLLARS)

1. GENERAL INFORMATION

AquaMeridian Conservation & Education Foundation Limited (the Foundation) is a Foundation, limited by guarantee and not having a share capital, incorporated in Hong Kong. The address of its registered office and principal place of business is Unit 1323, 13/F., Reality Tower, No. 4 Sun On Street, Chai Wan, Hong Kong. The principal activities of the Foundation are to advance the protection of environment in Hong Kong, to protect the global marine ecology and conservation of natural marine resources, to increase public interest in environment education and oceanic conservation, and to grant assistance to candidates for their education which provide formal training in global marine ecology and oceanic conservation.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

At the end of the reporting period, the current liabilities of the Foundation exceeded its total assets and the Foundation sustained substantial capital deficiency. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Foundation's ability to continue as a going concern. In preparing these financial statements, the directors have given careful consideration to the current and future liquidity of the Foundation. The directors have gained the commitment of the Foundation's founder member to provide continued financial support to the Foundation. On the basis that continued financial support will be provided by the Foundation's founder member to the Foundation upon request, the directors are of their opinion that the Foundation will have sufficient working capital to finance its operations in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis.

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

a) 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.

b) 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 Foundation. All other leases are classified as operating leases.

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

(EXPRESSED IN HONG KONG DOLLARS)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

b) Leases (continued)

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

c) Borrowings

Borrowings are recognised initially at the transaction price and are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the Foundation has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

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

- Donation income

Donation income is recognised when the amount is received.

3. LOAN PAYABLE

The loan payable is unsecured, interest free and to be repaid as soon as funds become available or not later than 19 April 2020.

4. REVENUE

The breakdown of the revenue is as follows: -

	<u>2017</u> HK\$	<u>2016</u> HK\$
Donation income	<u>562,078.00</u>	<u>279,214.48</u>

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

(EXPRESSED IN HONG KONG DOLLARS)

5. OTHER INCOME	<u>2017</u> HK\$	<u>2016</u> HK\$
The breakdown of other income is as follows: -		
Author's remuneration from magazine	17,600.00	1,600.00
Interest income	-	1.03
Sundry income	<u>20,388.65</u>	<u>-</u>
	<u><u>37,988.65</u></u>	<u><u>1,601.03</u></u>

6. DIRECTORS' REMUNERATION

The directors of the Foundation did not receive or will not receive any fees or emoluments in respect of their services to the Foundation during the year (2016: same).

7. SURPLUS/(DEFICIT) FOR THE YEAR	<u>2017</u> HK\$	<u>2016</u> HK\$
The following items have been recognised as expenses in determining surplus/(deficit) for the year:		
Auditor's remuneration	6,500.00	6,000.00
Staff costs		
Comprising:		
- Salaries, wages and other benefits	46,273.00	31,800.00
Operating lease charges on property rental	<u>160,967.00</u>	<u>163,197.50</u>

8. INCOME TAX EXPENSE

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

9. LEASE COMMITMENTS

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

	<u>2017</u> HK\$	<u>2016</u> HK\$
Within one year	135,048.39	78,000.00
Later than one year but within five years	<u>25,800.00</u>	<u>27,300.00</u>
	<u><u>160,848.39</u></u>	<u><u>105,300.00</u></u>

(FOR MANAGEMENT PURPOSES ONLY)

AQUAMERIDIAN CONSERVATION & EDUCATION FOUNDATION LIMITED

DETAILED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2017

(EXPRESSED IN HONG KONG DOLLARS)

	<u>2017</u> HK\$	<u>2016</u> HK\$
INCOME		
Donation Income	562,078.00	279,214.48
Author's remuneration from magazine	17,600.00	1,600.00
Interest Income	-	1.03
Sundry income	20,388.65	-
	<u>600,066.65</u>	<u>280,815.51</u>
LESS : EXPENSES		
Accountancy fee	2,500.00	2,000.00
Audit fee	6,500.00	6,000.00
Bank charges	45.00	575.00
Consultancy fee	220,100.00	224,500.00
Electricity	7,795.00	800.00
Event expnese	13,411.00	137,736.00
Gift and souvenir	50,630.00	169,227.00
Printing	-	10,624.00
Professional fee	-	13,230.00
Rental expense	160,967.00	163,197.50
Sundry expense	6,018.00	5,937.00
Telecommunication	8,084.00	7,017.48
Wages and salaries (part-time staff)	46,273.00	31,800.00
	<u>522,323.00</u>	<u>772,643.98</u>
SURPLUS/(DEFICIT) FOR THE YEAR	<u><u>77,743.65</u></u>	<u><u>(491,828.47)</u></u>