

**SUNBEAM CHILDREN'S FOUNDATION LIMITED**  
陽光兒童基金有限公司

**REPORTS  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**



**霍陳梁溫會計師行有限公司**  
**FOK CHAN LEUNG WAN CPA LTD.**  
Certified Public Accountants (Practising)

**SUNBEAM CHILDREN'S FOUNDATION LIMITED**  
**陽光兒童基金有限公司**  
**REPORTS AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

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**SUNBEAM CHILDREN'S FOUNDATION LIMITED**  
**陽光兒童基金有限公司**  
**REPORT OF THE DIRECTORS**  
**YEAR ENDED 31 DECEMBER 2017**

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The board of directors submit herewith their report together with the audited financial statements of Sunbeam Children's Foundation Limited ("the Foundation") for the year ended 31 December 2017.

**Principal Activity**

The principal activity of the Foundation is to promote and encourage charitable work for children of need in China.

**Accounts**

The results and cash flows of the Foundation for the year ended 31 December 2017 and its financial position as at that date are set out on pages 6 to 25 of the financial statements.

**Board of Directors**

The members of the Foundation's Board of Directors during the year and up to the date of this report are as follows :-

Ho May Chi Kum  
Dorothy Jean Wong  
Maureen Foreman  
Wai Lam Selina Lau Hon  
Patrick George Budden  
Anthony Robert Wilson

In accordance with the Article 33 of the Foundation's Articles of Association, all directors of the Board shall hold office for a term of one year and shall be eligible for the re-election upon expiry of the term of office.

**Business Review**

The Foundation qualifies for the reporting exemption as a small guarantee company. Accordingly, the Foundation is exempted from preparing a business review under section 388(3)(a) of the Hong Kong Companies Ordinance.

**Management Contracts**

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

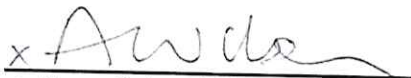
**Auditors**

Fok Chan Leung Wan CPA Limited retire and being eligible, offer themselves for re-appointment for the coming year.

**Other Matters**

At the date of this report the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

For and on behalf of the Board

x 

Anthony Robert Wilson

Chairman

Hong Kong

20 JUL 2018

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
SUNBEAM CHILDREN'S FOUNDATION LIMITED**  
陽光兒童基金有限公司  
(Incorporated in Hong Kong with limited liability by guarantee)

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**Opinion**

We have audited the financial statements of Sunbeam Children's Foundation Limited ("the Foundation") set out on pages 6 to 25, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the report of the directors set out on pages 1 to 2.

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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
SUNBEAM CHILDREN'S FOUNDATION LIMITED**  
陽光兒童基金有限公司  
(Incorporated in Hong Kong with limited liability by guarantee)

Continued

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**Responsibilities of the 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 HKFRSs 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 HKSAAs 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 HKSAAs, 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.
- 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  
SUNBEAM CHILDREN'S FOUNDATION LIMITED**  
陽光兒童基金有限公司  
(Incorporated in Hong Kong with limited liability by guarantee)

**Continued**

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

- 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 the board of directors 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.



**Fok Chan Leung Wan CPA Limited**  
Certified Public Accountants (Practising)  
Hong Kong  
20 JUL 2018  
Ng Wai Hong  
Practising Certificate No. P04638

SUNBEAM CHILDREN'S FOUNDATION LIMITED  
 陽光兒童基金有限公司  
 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 HK\$	2016 HK\$
<b><u>Non-Current Assets</u></b>			
Property, plant and equipment	3	3,005,632	2,783,605
Financial assets at fair value through profit or loss	4	197,759	145,654
		<u>3,203,391</u>	<u>2,929,259</u>
<b><u>Current Assets</u></b>			
Utility and other deposits		10,342	9,582
Prepayment		40,489	18,627
Donation receivable		2,200	-
Fixed deposit at bank		532,349	532,294
Cash at banks		7,023,369	6,703,817
Cash on hand		11,400	52,424
		<u>7,620,149</u>	<u>7,316,744</u>
<b><u>Current Liabilities</u></b>			
Accounts payable		33,758	33,758
Accrued expenses		5,420	20,977
		<u>39,178</u>	<u>54,735</u>
<b><u>Net Current Assets</u></b>		<u>7,580,971</u>	<u>7,262,009</u>
<b><u>Net Assets</u></b>		<u>10,784,362</u>	<u>10,191,268</u>
Represented by:			
<b><u>Members' Equity</u></b>			
<b><u>Accumulated Surplus</u></b>			
Balance brought forward		10,191,268	9,934,225
Surplus and total comprehensive income for the year		593,094	257,043
		<u>10,784,362</u>	<u>10,191,268</u>

The financial statements were approved by the Board of Directors on 20 JUL 2018 and are signed on its behalf by:

  
 Anthony Robert Wilson  
 Director

  
 Ho May Chi Kum  
 Director

The accompanying accounting policies and explanatory notes are part of these financial statements.



SUNBEAM CHILDREN'S FOUNDATION LIMITED

陽光兒童基金有限公司

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
YEAR ENDED 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
<b>Income</b>			
Donations received		2,587,783	2,429,676
Surplus on fund raising activities	7	<u>958,692</u>	<u>856,093</u>
		<u>3,546,475</u>	<u>3,285,769</u>
<b>Other gain/(loss) and revenue</b>			
Dividend income		6,016	5,125
Exchange gain		130,789	394
Bank interest received		2,944	4,613
Fair value gain/(loss) of financial assets	4	52,105	(6,421)
Sales of Sunbeam Bears		300	350
Sundry income		5,925	9,164
Subsidies from PRC government		<u>475,394</u>	<u>456,172</u>
		<u>673,473</u>	<u>469,397</u>
		4,219,948	3,755,166
<b>Sunbeam Children's Village, Baiwan expenses</b>	8	(2,980,171)	(2,724,282)
<b>General and administrative expenditure</b>	9	<u>(646,683)</u>	<u>(773,841)</u>
<b>Surplus and total comprehensive income for the year</b>		<u><u>593,094</u></u>	<u><u>257,043</u></u>

The accompanying accounting policies and explanatory notes are part of these financial statements.

SUNBEAM CHILDREN'S FOUNDATION LIMITED  
 陽光兒童基金有限公司  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED 31 DECEMBER 2017

	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
<b>Cash flows from operating activities</b>		
Surplus for the year	593,094	257,043
Adjustments for :		
Depreciation	310,744	308,090
Dividend income	(6,016)	(5,125)
Fair value (gain)/loss of financial assets	(52,105)	6,421
Interest income	(2,944)	(4,613)
	<u>842,773</u>	<u>561,816</u>
<b>Operating surplus before working capital changes</b>	842,773	561,816
Increase in utility and other deposits	(760)	-
(Increase)/decrease in prepayment	(21,862)	12,805
Decrease in loan to staff	-	239
Increase in donation receivable	(2,200)	-
(Decrease)/increase in accrued expenses	(15,557)	15,883
	<u>802,394</u>	<u>590,743</u>
<b>Cash generated from operations</b>	802,394	590,743
Interest received	2,944	4,613
	<u>805,338</u>	<u>595,356</u>
<b>Net cash generated from operating activities</b>	805,338	595,356
<b>Cash flows from investing activities</b>		
Dividend received	6,016	5,125
Purchases of fixed assets	(532,771)	(113,150)
	<u>(526,755)</u>	<u>(108,025)</u>
<b>Net cash used in investing activities</b>	(526,755)	(108,025)
<b>Increase in cash and cash equivalents</b>	278,583	487,331
Cash and cash equivalents at beginning of the year	7,288,535	6,801,204
	<u>7,567,118</u>	<u>7,288,535</u>
<b>Cash and cash equivalents at end of the year</b>	7,567,118	7,288,535
<b>Analysis of balances of cash and cash equivalents</b>		
Fixed deposit at bank	532,349	532,294
Cash at banks	7,023,369	6,703,817
Cash on hand	11,400	52,424
	<u>7,567,118</u>	<u>7,288,535</u>

The accompanying accounting policies and explanatory notes are part of these financial statements.

SUNBEAM CHILDREN'S FOUNDATION LIMITED  
 陽光兒童基金有限公司  
 STATEMENT OF CHANGES IN EQUITY  
 YEAR ENDED 31 DECEMBER 2017

	<u>Accumulated surplus HK\$</u>	<u>Total equity HK\$</u>
At 1 January 2016	9,934,225	9,934,225
Surplus and total comprehensive income for the year	<u>257,043</u>	<u>257,043</u>
At 31 December 2016 and 1 January 2017	10,191,268	10,191,268
Surplus and total comprehensive income for the year	<u>593,094</u>	<u>593,094</u>
At 31 December 2017	<u><u>10,784,362</u></u>	<u><u>10,784,362</u></u>

The accompanying accounting policies and explanatory notes are part of these financial statements.

SUNBEAM CHILDREN'S FOUNDATION LIMITED  
陽光兒童基金有限公司  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017

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1. General Information

(a) Domicile and Registered Office

Sunbeam Children's Foundation Limited (the "Foundation") is a limited company by guarantee and not having a share capital incorporated in Hong Kong. Its registered office and principal place of business is located at 11/F, Block C1, Kingsford Gardens, 212 Tin Hau Temple Road, Hong Kong.

(b) Principal Activity

The principal activity of the Foundation is to promote and encourage charitable work for children of need in China.

(c) Liabilities of the Foundation's Members

In accordance with the Foundation's Articles of Association, every member shall, in the event of the Foundation being wound up, contributed such amount as may be required to meet the liabilities of the Foundation but not exceeding HK\$10 per member.

2. Significant Accounting Policies

(a) Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Foundation:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014 - 2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

None of these developments have had a material effect on how the Foundation's results and financial position for the current or prior periods have been prepared or presented.

(b) Measurement Basis

The measurement basis used in the preparation of these financial statements is under the historical cost convention, except the financial assets at fair value through profit or loss which are stated at fair value.

SUNBEAM CHILDREN'S FOUNDATION LIMITED  
 陽光兒童基金有限公司  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED 31 DECEMBER 2017

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2. Significant Accounting Policies - Continued

(c) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(d) Property, Plant and Equipment

Property, plant and equipment are stated at cost less allowance for depreciation as set out in note 3 to the financial statements.

Cost comprises of acquisition costs and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(e) Depreciation

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum :-

<u>Classification</u>	<u>Rate per annum</u>
Building portion	2%
Furniture and fixtures	20%
Leasehold improvement	6 2/3%
Motor vehicle	20%
Office equipment	33 1/3%

(f) Impairment of Assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

2. Significant Accounting Policies - Continued

(f) Impairment of Assets - Continued

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

(g) Investments in Debt and Equity Securities

The Foundation's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows :-

Investments in securities held for trading and long term investment purposes are classified as current assets and non-current assets as appropriate, and are initially stated at fair value. At each of the end of reporting date the fair value is premeasured, with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Foundation has the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are initially recognised in the statement of financial position at fair value plus transaction costs. Subsequently, they are stated in the statement of financial position at amortised cost less impairment losses.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses.

(h) Accounts Payable

Accounts payable are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are payable on demand and form an integral part of the Foundation's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2. Significant Accounting Policies - Continued

(j) Revenue Recognition

- (i) Donations and subsidies received are recognised on an accrual basis.
- (ii) Surplus on fund raising activity is recognised upon completion of the activity.
- (iii) Interest income from bank deposits is recognised on a time-apportioned basis by reference to the principal outstanding and rate applicable.
- (iv) Dividend income is recognised when the Foundation's right to receive payment is established.
- (v) Sundry income is recognised on an accrual basis.

(k) Employee Benefits

(i) Employee Leave Entitlements

Employee entitlements to annual leave, sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement Benefit Costs

The Foundation contributes to a defined contribution MPF Retirement Scheme(s) for all qualifying Hong Kong employees. Contributions to the scheme by the Foundation are expensed as incurred. The retirement benefit scheme costs charged to the statement of comprehensive income represent contributions payable by the Foundation to the fund. The Foundation's employer contributions vest fully with the employees when contributed into MPF Scheme. The assets of the MPF Scheme are held separately from those of the Foundation in an independently administered fund.

For employees in the Mainland China, the Foundation contributes to the local municipal government retirement scheme in Chinese mainland are expensed as incurred while the local municipal government undertakes to assume the retirement benefit obligations of the qualified employees in Chinese mainland.

(l) Significant Judgements and Key Assumptions

The directors consider the significant judgements and key assumptions are duly reflected under notes 2(e) for depreciation and 2(f) for impairment of assets.

2. Significant Accounting Policies - Continued

(m) Related Parties

A party is considered to be related to the Foundation if:

- (a) the party is a person, or a close member of that person's family and that person:
- (i) has control or joint control over the Foundation;
  - (ii) has significant influence
  - (iii) is a member of the key management personnel of the Foundation or of a parent of the Foundation;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Foundation are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Foundation 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 party;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Foundation or an entity related to the Foundation;
  - (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); and
  - (viii) the entity, or any member of the Foundation of which it is a part, provides key management personnel services to the Foundation or to the parent of the Foundation.

(n) Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Foundation has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Association or Joint Venture <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Annual Improvements 2014 -2016 Cycle	Amendments to HKFRS1 and HKAS28 <sup>1</sup>



2. Significant Accounting Policies - Continued

(n) Issued But Not Yet Effective Hong Kong Financial Reporting Standards - Continued

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>3</sup> No mandatory effective date yet determined but available for adoption

The Foundation is in the process of making an assessment of what the impact of these new issues or amendments is expected to be in the period of initial application. So far, the Foundation considers that the adoption of them is unlikely to have a significant impact on the Foundation's financial statements.

SUNBEAM CHILDREN'S FOUNDATION LIMITED  
 陽光兒童基金會有限公司

NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED 31 DECEMBER 2017

3. Property, Plant and Equipment

<u>At Cost</u>	<u>Leasehold land and building</u> HK\$	<u>Furniture and fixtures</u> HK\$	<u>Leasehold improvement</u> HK\$	<u>Motor vehicle</u> HK\$	<u>Office equipment</u> HK\$	<u>Total</u> HK\$
At 1 January 2017	3,144,227	222,609	1,771,853	246,031	601,468	5,986,188
Additions	-	48,019	402,662	-	82,090	532,771
Written off	-	(9,753)	-	-	(34,558)	(44,311)
At 31 December 2017	3,144,227	260,875	2,174,515	246,031	649,000	6,474,648
<u>Accumulated Depreciation</u>						
At 1 January 2017	1,106,105	152,894	1,242,693	171,203	529,688	3,202,583
Provisions	62,884	36,750	104,592	24,943	81,575	310,744
Written back	-	(9,753)	-	-	(34,558)	(44,311)
At 31 December 2017	1,168,989	179,891	1,347,285	196,146	576,705	3,469,016
<u>Net Book Value</u>						
At 31 December 2017	1,975,238	80,984	827,230	49,885	72,295	3,005,632
At 31 December 2016	2,038,122	69,715	529,160	74,828	71,780	2,783,605

The land portion of the leasehold land and building is a piece of land granted by the 清新縣人民政府 at free in Bai Wan Guangdong Province as the site for a children's home named as "Sunbeam Children's Village". The Foundation raised funds to build and furnish the "Sunbeam Children's Village" and the title deed was obtained on 23 April 1999.

SUNBEAM CHILDREN'S FOUNDATION LIMITED  
 陽光兒童基金會有限公司

NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED 31 DECEMBER 2017

	Leasehold land and building HK\$	Furniture and fixtures HK\$	Leasehold improvement HK\$	Motor vehicle HK\$	Office equipment HK\$	Total HK\$
<u>At Cost</u>						
At 1 January 2016	3,144,227	172,879	1,771,853	246,031	553,680	5,888,670
Additions	-	60,467	-	-	52,683	113,150
Written off	-	(10,737)	-	-	(4,895)	(15,632)
At 31 December 2016	<u>3,144,227</u>	<u>222,609</u>	<u>1,771,853</u>	<u>246,031</u>	<u>601,468</u>	<u>5,986,188</u>
<u>Accumulated Depreciation</u>						
At 1 January 2016	1,043,221	134,080	1,124,565	146,261	461,998	2,910,125
Provisions	62,884	29,551	118,128	24,942	72,585	308,090
Written back	-	(10,737)	-	-	(4,895)	(15,632)
At 31 December 2016	<u>1,106,105</u>	<u>152,894</u>	<u>1,242,693</u>	<u>171,203</u>	<u>529,688</u>	<u>3,202,583</u>
<u>Net Book Value</u>						
At 31 December 2016	<u>2,038,122</u>	<u>69,715</u>	<u>529,160</u>	<u>74,828</u>	<u>71,780</u>	<u>2,783,605</u>
At 31 December 2015	<u>2,101,006</u>	<u>38,799</u>	<u>647,288</u>	<u>99,770</u>	<u>91,682</u>	<u>2,978,545</u>

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	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
<b>4. <u>Financial Assets at Fair Value Through Profit or Loss</u></b>		
(a) Listed equity securities in Hong Kong 11,000 shares of Henderson Investment Limited		
At 1 January	6,930	6,820
Fair value gain	<u>330</u>	<u>110</u>
At 31 December	<u>7,260</u>	<u>6,930</u>
(b) Listed equity securities in Hong Kong 3,699 shares (2016 : 3,363 shares) of Henderson Land Development Limited ("HLD")		
At 1 January	138,724	145,255
Fair value gain/(loss)	<u>51,775</u>	<u>(6,531)</u>
At 31 December	<u>190,499</u>	<u>138,724</u>
During the year, the company received 336 (2016 : 305) bonus shares of HLD.		
Total fair value	<u>197,759</u>	<u>145,654</u>
Classified as :-		
Non-current assets	197,759	145,654
Current assets	<u>-</u>	<u>-</u>
	<u>197,759</u>	<u>145,654</u>

**5. Income Tax**

No provision for Hong Kong profits tax has been made in the financial statements as Section 88 of the Inland Revenue Ordinance applied. No deferred tax has been provided in the financial statements as the directors are of the opinion that there are no taxable or deductible temporary differences.

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6. Directors' Remuneration

The directors of the Foundation represented the key management personnel of the Foundation. The directors did not draw any remuneration during the year (2016 : Nil).

7. Surplus on Fund Raising Activities

<u>Year 2017</u>	<u>HK\$</u>	<u>HK\$</u>
(a) Lottery event held on 21 October 2017 :-		
<u>Income</u>		
Sales of raffle tickets		148,400
<u>Expenditure</u>		
Advertisements of draw results	1,562	
Printing and photocopying	1,653	
	<u>3,215</u>	
<b>Surplus</b>		<u>145,185</u>
(b) Old Shanghai		
<u>Income</u>		
Auction sales		
Donation	157,500	
Sales of tickets	648,967	
	<u>180,200</u>	986,667
<u>Expenditure</u>		
Banquet expenses	145,000	
Accommodation	2,160	
Face Changing Show	6,000	
Music performance	20,000	
	<u>173,160</u>	
<b>Surplus</b>		<u>813,507</u>
<b>Total Surplus</b>		<u><u>958,692</u></u>

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7. Surplus on Fund Raising Activities - Continued

<u>Year 2016</u>	<u>HK\$</u>	<u>HK\$</u>
(a) Lottery event held on 12 November 2016 :-		
<u>Income</u>		
Sales of raffle tickets		129,300
<u>Expenditure</u>		
Advertisements of draw results	1,526	
Printing and photocopying	1,300	2,826
<u>Surplus</u>		<u>126,474</u>
(b) Vintage Hollywood		
<u>Income</u>		
Auction sales	102,000	
Donation	661,846	
Sales of tickets	101,400	865,246
<u>Expenditure</u>		
Banquet expenses		135,627
<u>Surplus</u>		<u>729,619</u>
<b>Total Surplus</b>		<u><u>856,093</u></u>

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8. Sunbeam Children's Village, Baiwan expenses  
 "台灣陽光兒童村"

	<u>2017</u>	<u>2016</u>
	<u>HK\$</u>	<u>HK\$</u>
Book and magazine	8,020	21,712
Children's activity expenses	147,709	130,342
Cleaning expenses	57,946	51,831
Clothing material	27,724	33,584
Electricity	57,232	77,377
Gas	19,492	19,819
Insurance	111,097	95,357
Meals for children's village	491,837	409,453
Medical expenses	22,276	34,135
Miscellaneous equipment and consumable stores	23,428	9,037
Motor vehicles expenses	39,187	50,283
Office supplies	14,329	22,365
Printing and photocopying	17,944	17,410
Postage	9,329	5,441
Rental of equipment	-	582
Repairs and maintenance	51,315	32,637
Retirement benefit costs for PRC employees	99,467	108,441
Salaries and wages for children's village	1,369,881	1,304,731
Staff training	12,708	-
Staff welfare	6,147	5,341
Subsidized school fee	325,243	240,864
Telephone charges	15,366	15,015
Travelling expenses	47,689	32,357
Water	4,805	6,168
	<u>2,980,171</u>	<u>2,724,282</u>

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	<u>2017</u>	<u>2016</u>
	<u>HK\$</u>	<u>HK\$</u>
<b>9. <u>General and Administrative Expenditure</u></b>		
Accountancy fee	60,000	60,000
Audit fee	5,000	5,000
Bank charges	7,282	7,212
Depreciation	310,744	308,090
Exchange loss	-	108,428
Mandatory provided fund contribution	11,200	11,758
Meeting expense	8,795	10,795
Rental charges	9,562	13,922
Stationary	8,197	7,131
Staff salaries	225,000	241,163
Sundry expenses	903	342
	<u>646,683</u>	<u>773,841</u>

**10. Financial Risk Management**

The Foundation is exposed to various kinds of risks in its operation and financial instruments. The Foundation's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Foundation by closely monitoring the individual exposure as follow:-

(a) Credit risk

The Foundation has no significant concentration of credit risk. Hence it does not have any specific policies in this regard. The Foundation's principal financial assets are its bank balances. The credit risk on liquid funds is limited because the counterparties are authorised financial institutions regulated under the Hong Kong Banking Ordinance or PRC Banking Regulation Law.

(b) Liquidity risk

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



10. Financial Risk Management - Continued

(c) Interest rate risk

The Foundation is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short-term bank deposits. Since the bank deposits are all short-term in nature, any future variation in interest rate will not have a significant impact on the results of the Foundation.

(d) Foreign exchange rate risk

The Foundation's exposure to risk resulting from changes in foreign currency exchange rates is considered not significant and hence no hedging instrument is employed to against the risk.

(e) Price risk

Price risk represents the possibilities of changes in fair value of future cash flows due to changes in market prices. The Foundation is exposed to equity security price risk through its investments held classified as financial assets at fair value through profit or loss. The Foundation is not exposed to commodity price risk. Management constantly reviews the investments held by the Foundation in order to minimise the price risk.

Summary quantitative data

	<u>2017</u>	<u>2016</u>
	<u>HK\$</u>	<u>HK\$</u>
Financial assets at fair value through profit and loss	<u>197,759</u>	<u>145,654</u>

Sensitivity analysis

A 10% increase/decrease in market value at 31 December 2017 with all other variables held constant would increase/decrease the Foundation's surplus for the year by HK\$19,776 (2016 : HK\$14,565), assuming the change in equity price had occurred at the end of reporting date and had been applied to the exposure to equity price risk for the relevant financial instruments in existence at that date. The changes in equity price represent management of a reasonably possible change in equity price at that date over the period until the end of the next annual reporting period.

The analysis is prepared on the same basis for 2016.

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11. Fair Value and Fair Value Hierarchy of Financial Instruments

The Foundation use the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: fair value measured using quoted prices in active markets for identical financial assets or liabilities;
- Level 2: fair value measured using inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3: fair value measured using inputs for the financial asset or liability that are not based on observable market data.

The Foundation's financial instruments carried at fair value at the end of the reporting period are financial assets at fair value through profit or loss. Their fair values are measured using quoted prices in the active markets for identical financial instruments that is Level 1 of the fair value hierarchy. During the year ended 31 December 2017, there were no transfers of fair value measurements between levels.

The carrying amounts and fair values of the Foundation's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
Financial assets at fair value through profit or loss	<u>197,759</u>	<u>145,654</u>	<u>197,759</u>	<u>145,654</u>

Management has assessed that the fair values of the Foundation's financial assets included in utility and other deposits, prepayments, donation receivable, fixed deposit at bank, cash and bank balances, accounts payable, financial liabilities included in accrued expenses approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount a which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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**11. Fair Value and Fair Value Hierarchy of Financial Instruments - Continued**

The following tables illustrate the fair value measurement hierarchy of the Foundation's financial instruments:

	<u>Level 1</u> <u>HK\$</u>
<u>2017</u> Financial assets at fair value through profit or loss	<u>197,759</u>
<u>2016</u> Financial assets at fair value through profit or loss	<u>145,654</u>

**12. Financial Instrument by Category**

Other than certain financial assets being classified as financial assets at fair value through profit or loss as disclosed in note 4 to the financial statements, all financial assets and liabilities of the Foundation as at 2017 and 2016 are loans and receivables, and financial liabilities stated at amortised cost, respectively.

**13. Capital Management**

Capital comprises of accumulated surplus stated on the statement of financial position. The Foundation's objectives when managing capital are:-

- (a) To safeguard the Foundation's ability to continue as a going concern, so it continues to provide services for members and benefits for other stakeholders;
- (b) To support the Foundation's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Foundation's risk management capability.

The Foundation actively and regularly reviews and manages its capital in order to ensure sufficient fund is available for maintaining the quality and quantity of services to be provided to members and other stakeholders, taking into consideration the future capital requirements of the Foundation, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

-END OF NOTES-