

**MANJUSHRI MERIT FOUNDATION,
HONG KONG BRANCH OF DA YUAN JUE MERIT
FOUNDATION COMPANY LIMITED**

大圓覺香港妙吉祥功德會有限公司

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2021**



中南健勤會計師事務所有限公司
Reachtop KSHK CPA Limited

**MANJUSHRI MERIT FOUNDATION, HONG KONG BRANCH OF
DA YUAN JUE MERIT FOUNDATION COMPANY LIMITED
大圓覺香港妙吉祥功德會有限公司**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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**MANJUSHRI MERIT FOUNDATION, HONG KONG BRANCH OF
DA YUAN JUE MERIT FOUNDATION COMPANY LIMITED
大圓覺香港妙吉祥功德會有限公司**

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 March 2021.

Principal activities

The principal activities of the Company are promotion and support of Buddhism activities.

Results and appropriations

The results of the Company for the year are set out in the income statement on page 6.

The directors do not recommend the payment of a dividend.

Issued debentures

The Company has not issued any debenture.

Equity-linked arrangements

The Company has not entered into any equity-linked agreement.

Directors

The directors during the year and up to the date of this report were:

| | |
|----------------------|------------------------------|
| CHAN Chin Fai | |
| CHOY Ming Hing | |
| CHUI Choi Hung | (Appointed on 24 April 2020) |
| FOK Yu Hung | |
| HE Xingyin | (Appointed on 24 April 2020) |
| LAI Fung Yee | |
| NG Siu Fung April | (Appointed on 24 April 2020) |
| SHUM Kwok Keung Popo | (Resigned on 24 April 2020) |
| TSANG Yim Candy | |
| WEN Yanping | (Appointed on 24 April 2020) |
| WONG Shi Ming | (Appointed on 24 April 2020) |
| YUEN Po Chu | (Appointed on 24 April 2020) |
| ZENG Yan | |

In accordance with Article 49 of the Company's Articles of Association, all directors retire by rotation at the forthcoming annual general meeting and, being eligible, offers themselves for re-election.

(to be continued)

**MANJUSHRI MERIT FOUNDATION, HONG KONG BRANCH OF
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大圓覺香港妙吉祥功德會有限公司

DIRECTORS' REPORT (continued)

Directors' interests in contracts

No contracts of significance in relation to the Company's business 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.

At no time during the year was the Company a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

Management contracts

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

Business review

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


Permitted indemnity provision

At no time during the year and up to the date of this directors' report, there was or is, any permitted indemnity provisions in force for the benefit of the directors of the Company.

Auditors

The financial statements have been audited by Reachtop KSHK CPA Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



ZENG Yan
Chairman
Hong Kong, 19 JAN 2022



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MANJUSHRI MERIT FOUNDATION, HONG KONG BRANCH OF
DA YUAN JUE MERIT FOUNDATION COMPANY LIMITED
大圓覺香港妙吉祥功德會有限公司**

(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Manjushri Merit Foundation, Hong Kong Branch of Da Yuan Jue Merit Foundation Company Limited (the "Company") set out on pages 6 to 11 which comprise the statement of financial position as at 31 March 2021, 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 our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 our report. We are independent of the company in accordance with the HKICPA's "Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other 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 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.

(to be continued)



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MANJUSHRI MERIT FOUNDATION, HONG KONG BRANCH OF
DA YUAN JUE MERIT FOUNDATION COMPANY LIMITED**

大圓覺香港妙吉祥功德會有限公司

(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibility 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 company's internal control.

(to be continued)



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MANJUSHRI MERIT FOUNDATION, HONG KONG BRANCH OF
DA YUAN JUE MERIT FOUNDATION COMPANY LIMITED
大圓覺香港妙吉祥功德會有限公司**

(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

- 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.

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.

Reachtop KSHK CPA Limited
Certified Public Accountants (Practising)
Hong Kong, 19 JAN 2022

Fan Ho Kan
Practising Certificate Number P06759

**MANJUSHRI MERIT FOUNDATION, HONG KONG BRANCH OF
DA YUAN JUE MERIT FOUNDATION COMPANY LIMITED**
大圓覺香港妙吉祥功德會有限公司

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**


| | Note | 2021 HK\$ | 2020 HK\$ |
|---------------------------------------|------|-----------------|----------------|
| <u>INCOME</u> | | | |
| Donation income | | 102,468 | 245,011 |
| Exchange gain | | 1,463 | - |
| Gala dinner income | | - | 196,428 |
| Membership subscription | | 6,500 | 1,000 |
| Interest income | | 25 | 164 |
| | | <u>110,456</u> | <u>442,603</u> |
| <u>EXPENDITURE</u> | | | |
| Auditors' remuneration | | 9,200 | 10,000 |
| Bank charges | | 1,755 | 325 |
| Depreciation | | 13,472 | 12,423 |
| Donation expenses | | 8,591 | 27,711 |
| Elderly event expenses | | - | 9,226 |
| Exchange differences | | - | 331 |
| Gala dinner expenses | | - | 73,216 |
| Hot meal delivery service expenses | | 24,167 | 45,003 |
| Legal and professional fee | | 4,000 | 3,000 |
| Local child event expenses | | - | 430 |
| Local support expenses | | - | 10,048 |
| Messing | | 2,345 | 4,482 |
| Postage and couriers | | 40 | - |
| Printing and stationery | | - | 1,815 |
| Serious illness rescue plan | | - | 80,161 |
| Students grant expenses | | 50,228 | 55,437 |
| Sundry expenses | | 2,919 | 440 |
| Telephone | | 6,207 | 6,570 |
| | | <u>122,924</u> | <u>340,618</u> |
| (DEFICIT) / SURPLUS BEFORE INCOME TAX | | (12,468) | 101,985 |
| INCOME TAX EXPENSE | 4 | - | - |
| (DEFICIT) / SURPLUS FOR THE YEAR | | <u>(12,468)</u> | <u>101,985</u> |

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

**MANJUSHRI MERIT FOUNDATION, HONG KONG BRANCH OF
DA YUAN JUE MERIT FOUNDATION COMPANY LIMITED**
大圓覺香港妙吉祥功德會有限公司

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

| | <u>Note</u> | <u>2021</u> HK\$ | <u>2020</u> HK\$ |
|-------------------------------|-------------|---------------------|---------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 12,137 | 20,368 |
| CURRENT ASSETS | | | |
| Other receivable | | 1,450 | - |
| Cash and bank balances | | 370,228 | 371,064 |
| | | <u>371,678</u> | <u>371,064</u> |
| CURRENT LIABILITIES | | | |
| Accruals | | 9,500 | 10,300 |
| Receipts in advance | | 26,529 | 20,878 |
| Income tax payable | | 4,872 | 4,872 |
| | | <u>40,901</u> | <u>36,050</u> |
| NET CURRENT ASSETS | | <u>330,777</u> | <u>335,014</u> |
| NET ASSETS | | <u>342,914</u> | <u>355,382</u> |
| EQUITY | | | |
| Accumulated surplus | 6 | 342,914 | 355,382 |
| TOTAL EQUITY | | <u>342,914</u> | <u>355,382</u> |



ZENG Yan
Director



CHOY Ming Hing
Director

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

**MANJUSHRI MERIT FOUNDATION, HONG KONG BRANCH OF
DA YUAN JUE MERIT FOUNDATION COMPANY LIMITED
大圓覺香港妙吉祥功德會有限公司**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. GENERAL INFORMATION

Manjushri Merit Foundation, Hong Kong Branch of Da Yuan Jue Merit Foundation Company Limited (the “Company”) is a registered charitable organization. The Company is a company with limited liability by guarantee and not having a share capital incorporated in Hong Kong. The liability of the Company in the event of its being wound up to the extent of not exceeding HK\$1. The address of its registered office is Flat A, 1/F., Por Mee Factory Building, 500 Castle Peak Road, Kowloon.

The principal activities of the Company are promotion and support of Buddhism activities.

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company qualifies for the reporting exemption as a small private company under sections 359(1)(a) and 361 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 following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

(i) Donation income and Gala dinner income

Donation income and Gala dinner income are recognised when cash received and no significant uncertainty as to its collectability exists.

(ii) Membership subscription income

Membership subscription fee is recognised upon the receipt of the payment after the candidate has been admitted as a member of the Company.

(iii) Interest income

Interest income is recognised on a time apportion basis using the effective interest method.

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

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.

Leases

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.

Other receivables

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

| | |
|------------------------|-----|
| Leasehold improvements | 20% |
| Office equipment | 20% |
| Computer equipment | 20% |

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

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大圓覺香港妙吉祥功德會有限公司**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Foreign exchange

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.

Related parties

A party is related to the Company if:

- (i) directly or indirectly through one or more intermediaries, the party:
 - (a) controls, is controlled by, or is under common control with, the Company;
 - (b) has an interest in the company that gives it significant influence over the Company; or
 - (c) has joint control over the Company;
- (ii) the party is an associate of the Company;
- (iii) the party is a joint venture in which the Company is a venturer;
- (iv) the party is a member of the key management personnel of the Company;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v).

3. DIRECTORS' REMUNERATION

None of the directors received or will receive any fees or emoluments in respect of their services to the company during the year (2020: Nil).

4. INCOME TAX EXPENSE

Being a charitable organisation, the Company has been granted exemption under Section 88 of the Inland Revenue Ordinance (Chapter 112) from all taxes payable under the same ordinance with effect from 18 April 2016.

MANJUSHRI MERIT FOUNDATION, HONG KONG BRANCH OF
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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. PROPERTY, PLANT AND EQUIPMENT

| | Office Equipment HK\$ | Computer Equipment HK\$ | Leasehold Improvements HK\$ | Total HK\$ |
|---------------------------------|-----------------------------|-------------------------------|-----------------------------------|---------------|
| <u>Cost</u> | | | | |
| As at 1 April 2020 | 35,171 | 5,947 | 21,000 | 62,118 |
| Additions | - | 5,240 | - | 5,240 |
| As at 31 March 2021 | 35,171 | 11,187 | 21,000 | 67,358 |
| <u>Accumulated depreciation</u> | | | | |
| As at 1 April 2020 | 23,811 | 3,567 | 14,372 | 41,750 |
| Depreciation for the year | 7,034 | 2,237 | 4,200 | 13,471 |
| As at 31 March 2021 | 30,845 | 5,804 | 18,572 | 55,221 |
| <u>Carrying amount</u> | | | | |
| As at 31 March 2021 | 4,326 | 5,383 | 2,428 | 12,137 |
| As at 31 March 2020 | 11,360 | 2,380 | 6,628 | 20,368 |

6. CHANGES IN EQUITY

| | Accumulated surplus HK\$ |
|----------------------|--------------------------------|
| As at 1 April 2020 | 355,382 |
| Deficit for the year | (12,468) |
| As at 31 March 2021 | 342,914 |

7. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the board of directors of the Company
on 19 JAN 2022 .