

CIVIC EXCHANGE
(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

CIVIC EXCHANGE

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

Contents	Pages
Directors' report	1
Independent auditor's report	2
Statement of income and general fund	3
Statement of financial position	4
Statement of cash flows	5
Notes to the financial statements	6 - 12

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended 30 September 2015.

FINANCIAL STATEMENTS

The results for the year are set out in the statement of income and general fund on page 3.

The state of affairs of the company at 30 September 2015 is set out in the statement of financial position on page 4.

The cash flows of the company for the year are set out in the statement of cash flows on page 5.

PRINCIPAL ACTIVITIES

The principal activities of the company are to promote civic education, public awareness and participation in governance and to undertake research and development of economic, social and political policies.

There have been no significant changes in the nature of these activities during the year.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 8 to the financial statements.

DIRECTORS

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

Ng Sung Man, Anthony

Gladys Veronica Li

Kylie Maree Uebergang

Lisa Genasci

Chen Ang-Yee, Annie

Paulus Johannes Zimmerman

(appointed on 16 June 2015)

Au Yang Chi Chun Evan

(appointed on 14 December 2015)

Stephen James Brown

(resigned on 25 January 2016)

In accordance with the company's Articles of Association, one-third of the directors retire at the forthcoming Annual General Meeting and, being eligible, are available for re-election.

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.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance, to which the company, its fellow subsidiaries or its holding company was a party and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

AUDITORS

The auditors, Messrs. William Po & Co., Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board


Kylie Maree Uebergang
Director

08 JUN 2016

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CIVIC EXCHANGE
(Incorporated in Hong Kong and limited by guarantee)**

We have audited the financial statements of Civic Exchange ("the company") set out on pages 3 to 12, which comprise the statement of financial position as at 30 September 2015, the statement of income and general fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standards for Private Entities issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its deficit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

**WILLIAM PO & CO.**
Certified Public Accountants

Hong Kong, 08 JUN 2016

**STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

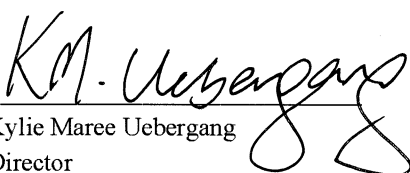
	Notes	2015 HK\$	2014 HK\$ (Restated)
Income			
Project Income	4	3,748,432	5,362,732
General Donation		1,574,500	1,569,100
Miscellaneous income		1,380	12,696
Service income		14,816	40,152
Interest income		6,107	22,515
		<u>5,345,235</u>	<u>7,007,195</u>
Less: Expenditure			
Accounting fees		48,500	66,500
Audit fees		24,000	21,000
Bank charges		1,117	1,280
Company secretarial fees		3,962	4,405
Computer cost		17,493	28,320
Conference expenses		48,980	-
Consultant fees		1,980,861	1,128,618
Courier and postage		761	1,074
Depreciation		22,661	26,183
Insurance		20,922	13,308
Internet expenses		49,780	53,976
Mandatory provident fund		140,006	108,903
Membership fee		31,900	37,320
Office supplies		17,627	33,915
Printing and stationery		62,152	34,021
Program fees		7,500	16,600
Recruitment		9,210	1,706
Repairs and maintenance		48,200	55,520
Research project expenses		8,926	9,608
Project cost	5	3,243,632	4,529,689
Rent		1	1
Salaries		550,944	505,591
Sundry expenses		8,297	2,143
Telecommunications expenses		3,414	3,774
Translation		-	6,941
Travelling		5,311	6,640
Website expenses		-	155,000
		<u>6,356,157</u>	<u>6,852,036</u>
(Deficit)/surplus for the year		(1,010,922)	155,159
General fund brought forward, as restated	3	3,825,199	3,670,040
General fund carried forward		2,814,277	3,825,199


The notes on pages 6 to 12 form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

	Notes	2015 HK\$	2014 HK\$ (Restated)
Non-current assets			
Property, plant and equipment	9	<u>35,266</u>	<u>57,927</u>
Current assets			
Account receivables		174,629	835,039
Prepayments		126,354	36,479
Cash and bank balances		<u>5,887,491</u>	<u>6,506,802</u>
		<u>6,188,474</u>	<u>7,378,320</u>
Current liabilities			
Account payables		191,458	121,058
Accruals and other payables	10	<u>3,218,005</u>	<u>3,489,990</u>
		<u>3,409,463</u>	<u>3,611,048</u>
Net current assets		<u>2,779,011</u>	<u>3,767,272</u>
Net assets		<u>2,814,277</u>	<u>3,825,199</u>
Funds			
General fund		<u>2,814,277</u>	<u>3,825,199</u>

Approved by:


Kylie Maree Uebergang
Director


Ng Sung Man, Anthony
Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	2015	2014
	HK\$	HK\$
		(Restated)
Operating activities		
(Deficit)/surplus for the year	(1,010,922)	155,159
Adjustments for:		
Depreciation of property, plant and equipment	22,661	26,183
Interest income	(6,107)	(22,515)
Operating (deficit)/surplus before changes in working capital	(994,368)	158,827
Decrease in account receivables	660,410	401,516
(Increase)/decrease in prepayments and other receivables	(89,875)	11,239
Increase/(decrease) in accounts payables	70,400	(201,992)
Decrease in accruals and other payables	(271,985)	(653,734)
Net cash used in operations	(625,418)	(284,144)
Investing activities		
Purchase of property, plant and equipment	-	(32,198)
Interest received	6,107	22,515
Net cash generated from/(used in) investing activities	6,107	(9,683)
Decrease in cash and cash equivalents	(619,311)	(293,827)
Cash and cash equivalents at the beginning of the year	6,506,802	6,800,629
Cash and cash equivalents at the end of the year	5,887,491	6,506,802
Analysis of cash and cash equivalents		
Cash and bank balances	5,887,491	6,506,802

The notes on pages 6 to 12 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

1 GENERAL

The company is incorporated in Hong Kong under the Companies Ordinance as a company limited by guarantee. The company's registered office is located at 23/F, Chun Wo Commercial Centre, 23-29 Wing Wo Street, Central, Hong Kong. The principal activities of the company are to promote civic education, public awareness and participation in governance and to undertake research and development of economic, social and political policies. Under the provision of its Articles of the 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 the sum of HK\$100 each.

2 SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

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.

(b) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Office equipment	20%
Furniture and fixtures	20%

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

(c) Impairment of non-financial assets

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

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(d) Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to profit or loss as incurred over the lease term.

(e) Foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the year end date. Exchange gains and losses are recognised in the statement of income and general fund.

(f) Recognition of revenue

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

- * Donations are recognised when the right to receive payment is established.
- * On the rendering of services, based on the stage of completion of the transaction, provided that this and the costs incurred as well as the estimated costs to completion can be measured reliably. The stage of completion of a transaction associated with the rendering of services is established by reference to the costs incurred to date as compared to the total costs that would be incurred under the transaction.

(g) Employee benefits

- i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the company. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- ii) The company operates a Mandatory Provident Fund scheme ("MPF scheme") for the employees. Contributions are made based on a percentage of the employee's basic salaries and are charged to the income statement as they become payable. The assets of the MPF Scheme are held in an independently administered fund. The company's contributions vest fully with the employees when contributed into the MPF Scheme.

(h) Receivables

Receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and demand deposits with original maturities of three months or less.

(j) Payables

Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

3 CHANGE IN ACCOUNTING POLICY

Income from project sponsorship was in previous years considered as donations and taken up when the right to receive payment was established.

The directors have considered that, starting from this financial year, it would be more appropriate to regard those income as income from rendering of services and should be taken up based on the stage of completion. The new accounting policy was applied retrospectively.

The following reconciliation shows the effect of the adjustments on the company's general fund brought forward:

	2015 HK\$	2014 HK\$
General fund brought forward, as previously stated	3,393,009	2,811,230
<i>Effect of the adjustments on new accounting policy</i>		
(Increase)/decrease in project income	(119,060)	426,620
Increase in account receivables	-	236,239
Decrease in accruals and other payables	551,250	195,951
General fund brought forward, as restated	<u>3,825,199</u>	<u>3,670,040</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

4 PROJECT INCOME

	2015 HK\$	2014 HK\$ (Restated)
Air - ADM Capital Foundation 2012 Grant	-	21,250
Air - ADM Capital Foundation 2013 Grant	-	362,500
Air - ADM Capital Foundation 2015 Grant	220,713	-
Air - Air Projects 2013-15*	114,718	329,250
Air - Green Harbours IV 2012 (Environment and Conservation Fund)	-	285,898
Air - EPD Marine Emission (Environmental Protection Department)	188,125	161,875
Air - LA-HK Book (WYNG Foundation)	66,636	149,659
Air - IMO GHG studies (UCL Consultants Limited)	25,627	101,545
Air - IMO ECM (Starcrest Consulting Group, LLC)	183,152	-
Air - RBF GD Ship Emission 2014	598,739	99,859
Cities Wellbeing Index - Phase II 2012 (River Star Foundation)	-	656,095
Conservation Policy 2013 (Peter and Nancy Thompson)	-	65,237
Conservation Policy 2014*	-	128,728
Energy Mix 2012 (CLP Power Hong Kong Limited)	-	988,658
John Liu - CE Project Management 2012*	-	34,882
John Liu - EEMP Projects 2011*	-	66,623
Nature Conservation Wildlife Video Clips (ExxonMobil Hong Kong)	70,000	-
One Day Programmes 2013-14*	-	162,625
One Day Programmes 2014-15*	1,040,329	-
Poverty Project 2011 (WYNG Foundation)	-	533
Sustainable Planning - Plastic Bottled Waste Reduction (WYNG Foundation)	241,310	155,891
Sustainable Planning - Pedestrianisation Central (WYNG Foundation)	-	317,300
Sustainable Planning - Small House Policy III (WYNG Foundation)	200,200	324,300
Sustainable Planning - Walk 2 - MTR Walkability 2013/14 (MTR Corporation Limited)	126,764	622,003
Strategic Review*	-	117,000
UPDI Walkability in Shenzhen	5,660	-
Water Project 2012 (Noble Group)	-	211,021
Wellbeing Index III (WYNG Foundation)	114,643	-
Wellbeing Index III (River Star Foundation)	551,816	-
Total for the year	<u>3,748,432</u>	<u>5,362,732</u>

Funders are either included in the project name or in brackets after the project name, except for projects with more than one funder, which are marked by an asterisk*.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2015

5 PROJECT COSTS

	2015 HK\$	2014 HK\$
Accounting fee	5,000	14,000
Audit fee	5,000	5,200
Bank charge	2,287	6,281
Computer cost	3,200	8,809
Conference expenses	205,267	115,953
Courier and postage	25	1,722
Company secretarial fee	793	-
Insurance	2,101	108
Internet charges	9,347	-
Membership fee	22,163	7,544
Supplies	4,607	3,999
Photography	75,000	51,550
Printing and stationery	10,800	52,321
Project management and research fees	2,635,953	4,047,453
Repair & maintenance	9,000	-
Research materials	83,390	7,608
Salaries and Mandatory Provident Fund	200	7,047
Telecommunications expenses	1,125	389
Translation fee	8,924	103,382
Travelling expenses	134,250	96,323
Website expenses	25,200	-
	<u>3,243,632</u>	<u>4,529,689</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

6 EMPLOYEE BENEFIT EXPENSE

The company has employee benefit expense included in various expenditure. Details are as follows:

	2015	2014
	HKS	HKS
Consultant fees	1,859,184	933,793
Mandatory Provident Fund	140,006	108,903
Salaries	550,944	505,591
Project costs	852,293	1,100,247
Program fees	7,500	16,600
	<u>3,409,927</u>	<u>2,665,134</u>

Analysis of the total employee benefit expense is as follows:

	2015	2014
	HKS	HKS
Salaries	3,269,721	2,549,184
Mandatory Provident Fund	140,206	115,950
	<u>3,409,927</u>	<u>2,665,134</u>

7 DIRECTORS' EMOLUMENTS (EQUIVALENT TO KEY MANAGEMENT PERSONNEL COMPENSATION)

During the years ended 30 September 2015 and 30 September 2014, no amounts have been paid in respect of directors' emoluments, directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office.

8 TAXATION

No provision for Hong Kong profits tax is made in the financial statements as the company is an approved charitable institution, and has obtained exemption from Hong Kong profits tax.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2015

9 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Cost:			
At 1 October 2014 and 30 September 2015	4,918	122,201	127,119
Accumulated depreciation:			
At 1 October 2014	2,396	66,796	69,192
Charge for the year	840	21,821	22,661
At 30 September 2015	3,236	88,617	91,853
Net book value:			
At 30 September 2015	1,682	33,584	35,266
At 30 September 2014	2,522	55,405	57,927

10 ACCRUALS AND OTHER PAYABLES

	2015 HK\$	2014 HK\$ (Restated)
Accruals	24,000	21,000
Receipt in advance	3,194,005	3,468,990
	<u>3,218,005</u>	<u>3,489,990</u>

11 RELATED PARTY TRANSACTIONS

During the year, the company undertook the following transactions with related parties in the normal course of its operation:

	2015 HK\$	2014 HK\$
Donation from WYNG Foundation Limited	<u>1,560,000</u>	<u>1,560,000</u>

The company's office was provided by WYNG Foundation Limited at a nominal rent of HK\$1. In addition to the above referenced donation, WYNG Foundation Limited also funded specific projects the details of which are set out in Note 4 of the financial statement.

Ms. Annie Chen, director, is also the Founder and Chair of River Star Foundation. Ms. Lisa Genasci, director, is also the Chief Executive Officer of ADM Capital Foundation. Both River Star Foundation and ADM Capital Foundation have funded specific projects as set out in Note 4.

12 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the company's Board of Directors on 08 JUN 2016