

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

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

CIVIC EXCHANGE

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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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 2016.

FINANCIAL STATEMENTS

The financial performance for the year are set out in the statement of income and general fund on page 4.

The financial position of the company at 30 September 2016 is set out in the statement of financial position on page 5.

The cash flows of the company for the year are set out in the statement of cash flows on page 6.

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 9 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

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.

PERMITTED INDEMNITY PROVISIONS

The company's Articles provides that every director or officer shall be indemnified out of the assets of the company from and against all losses or liabilities which they may incur or sustain in the execution of their duties in their respective office but except such if they shall incur or sustain through their own wilful neglect or default.

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.

DIRECTORS' REPORT - CONTINUED

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

16 MAY 2017

**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 4 to 14, which comprise the statement of financial position as at 30 September 2016, 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 financial position of the company as at 30 September 2016 and its financial performance 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, 16 MAY 2017

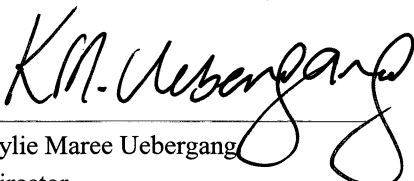
**STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

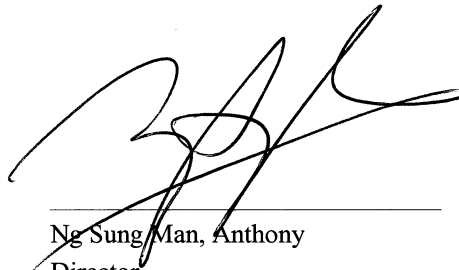
	Notes	2016 HK\$	2015 HK\$ (Restated)
Income			
Project Income	4	7,649,164	3,629,372
General Donation		2,219,204	1,574,500
Miscellaneous income		2,117	1,380
Service income		10,901	14,816
Interest income		6,274	6,107
		<u>9,887,660</u>	<u>5,226,175</u>
Less: Expenditure			
Accounting fees		81,460	48,500
Audit fees		28,000	24,000
Bank charges		1,647	1,117
Company secretarial fees		5,000	3,962
Computer cost		28,911	17,493
Conference expenses		-	48,980
Consultant fees		923	121,676
Courier and postage		458	761
Depreciation		25,749	22,661
Insurance		41,455	20,922
Internet expenses		27,676	49,780
Mandatory provident fund		108,691	140,006
Membership fee		56,165	31,900
Office supplies		14,702	17,627
Printing and stationery		37,489	62,152
Program fees		-	7,500
Recruitment		2,460	9,210
Repairs and maintenance		61,213	48,200
Research project expenses		7,093	8,926
Project cost	5	7,566,536	3,243,632
Rent		1	1
Salaries		1,650,774	2,410,129
Sundry expenses		5,228	8,297
Telecommunications expenses		4,816	3,414
Travelling		13,563	5,311
		<u>9,770,010</u>	<u>6,356,157</u>
Surplus/(deficit) for the year		117,650	(1,129,982)
General fund brought forward, as restated	3	2,263,027	3,393,009
General fund carried forward		2,380,677	2,263,027

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Notes	2016 HK\$	2015 HK\$ (Restated)
Non-current assets			
Property, plant and equipment	9	41,965	35,266
Current assets			
Account receivables		3,976,014	174,629
Prepayments		77,394	126,354
Cash and bank balances		3,272,658	5,887,491
		7,326,066	6,188,474
Current liabilities			
Account payables		786,858	191,458
Accruals and other payables	10	4,200,496	3,769,255
		4,987,354	3,960,713
Net current assets		2,338,712	2,227,761
Net assets		2,380,677	2,263,027
Funds			
General fund		2,380,677	2,263,027

Approved by:


Kylie Maree Uebergang
Director


Ng Sung Man, Anthony
Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	2016 HK\$	2015 HK\$ (Restated)
Operating activities		
Surplus/(deficit) for the year	117,650	(1,129,982)
Adjustments for:		
Depreciation of property, plant and equipment	25,749	22,661
Interest income	(6,274)	(6,107)
Operating surplus/(deficit) before changes in working capital	137,125	(1,113,428)
(Increase)/decrease in account receivables	(3,801,385)	424,171
Decrease/(increase) in prepayments and other receivables	48,960	(89,875)
Increase in accounts payables	595,400	70,400
Increase in accruals and other payables	431,241	83,314
Net cash used in operations	(2,588,659)	(625,418)
Investing activities		
Purchase of property, plant and equipment	(32,448)	-
Interest received	6,274	6,107
Net cash (used in)/generated from investing activities	(26,174)	6,107
Decrease in cash and cash equivalents	(2,614,833)	(619,311)
Cash and cash equivalents at the beginning of the year	5,887,491	6,506,802
Cash and cash equivalents at the end of the year	3,272,658	5,887,491
Analysis of cash and cash equivalents		
Cash and bank balances	3,272,658	5,887,491

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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 2016**

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 2016**

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.

(k) Related party

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3 CHANGE IN ACCOUNTING POLICY

Income from project sponsorship was recognised based on the stage of completion last financial year.

The directors have considered that, starting from this financial year, it would be more appropriate to recognize those income when the right to receive payment was established. The new accounting policy was applied retrospectively.

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

	2016	2015
	HK\$	HK\$
General fund brought forward, as previously stated	2,814,277	3,825,199
<i>Effect of the adjustments on new accounting policy</i>		
Decrease in project income	185,901	119,060
Increase in accruals and other payables	(737,151)	(551,250)
General fund brought forward, as restated	<u>2,263,027</u>	<u>3,393,009</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2016

4 PROJECT INCOME

	2016 HK\$	2015 HK\$ (Restated)
Air - ADM Capital Foundation 2012 Grant	-	74,166
Air - ADM Capital Foundation 2015 Grant	141,908	191,924
Air - Air Projects 2013-15*	-	91,775
Air - Pearl River Delta Ship Emission (Rockefeller Brothers Fund)	269,000	478,991
Air - Marine Emission (Environmental Protection Department, Hong Kong SAR Government)	-	280,000
Air - LA-HK Book (WYNG Foundation)	44,615	66,636
Air - IMO GHG studies (UCL Consultants Limited)	-	45,819
Air - IMO ECM (Starcrest Consulting Group, LLC)	51,746	146,633
Air - Personal Emissions Exposure (Morgan Stanley)	188,612	-
Air - Capstone Project (Gotheburg University)	50,274	-
Air - Natural Gas for Transportation *	58,996	-
Cities Wellbeing Index III (WYNG Foundation)	243,340	114,643
Cities Wellbeing Index III (River Star Foundation)	583,457	479,875
Nature Conservation Wildlife Video Clips (ExxonMobil Hong Kong)	-	70,000
Nature Conservation - Hong Kong Bioblitz (Tai Tam Tuk Foundation)	39,000	-
Nature Conservation - BSAP Survey (Central Policy Unit, Hong Kong SAR Government)	394,833	-
Nature Conservation - Ecosystem Services (ExxonMobil Hong Kong)	30,789	-
One Day Programmes 2014-15*	-	1,040,329
Sustainable Planning - Plastic Bottle Waste Reduction (WYNG Foundation)	-	241,310
Sustainable Planning - Small House Policy III (WYNG Foundation)	-	200,200
Sustainable Planning - Walk 2 - MTR Walkability 2013/14 (MTR Corporation Limited)	-	101,411
Urban Environment - Walkability in Shenzhen (Urban Planning and Design Institute of Shenzhen)	-	5,660
Urban Environment - Privatisation of Hong Kong Public Space *	265,685	-
Urban Environment - Walk 21 *	1,941,005	-
Urban Environment - Walk 21 (The Hong Kong Jockey Club Charities Trust)	3,313,560	-
Urban Environment - Clean Transport Study (CLP Power Hong Kong Limited)	32,344	-
Total for the year	<u>7,649,164</u>	<u>3,629,372</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 2016**

5 PROJECT COSTS

	2016	2015
	HK\$	HK\$
Accounting fee	15,000	5,000
Audit fee	-	5,000
Bank charge	22,637	2,287
Computer cost	26,649	3,200
Conference expenses	1,212,578	205,267
Courier and postage	1,722	25
Company secretarial fee	-	793
Consultant fee	122,000	-
Insurance	15,374	2,101
Internet charges	-	9,347
License fee	565,485	-
Membership fee	-	22,163
Supplies	74,598	4,607
Photography	109,500	75,000
Printing and stationery	27,878	10,800
Project management and research fees	5,012,958	2,635,953
Repair & maintenance	-	9,000
Research materials	520	83,390
Salaries and Mandatory Provident Fund	73,545	200
Sundry expenses	17,522	-
Telecommunications expenses	409	1,125
Translation fee	7,587	8,924
Travelling expenses	227,213	134,250
Website expenses	13,800	25,200
Withholding tax	19,561	-
	<u>7,566,536</u>	<u>3,243,632</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

6 EMPLOYEE BENEFIT EXPENSE

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

	2016	2015
	HK\$	HK\$
Mandatory Provident Fund	108,691	140,006
Salaries	1,650,773	2,410,129
Project costs	2,801,734	852,292
Program fees	-	7,500
	<u>4,561,198</u>	<u>3,409,927</u>

Analysis of the total employee benefit expense is as follows:

	2016	2015
	HK\$	HK\$
Salaries	4,378,963	3,269,721
Mandatory Provident Fund	<u>182,235</u>	<u>140,206</u>
	<u>4,561,198</u>	<u>3,409,927</u>

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

During the years ended 30 September 2016 and 30 September 2015, 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 2016**

9 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Cost:			
At 1 October 2015	4,918	122,201	127,119
Additions	9,000	23,448	32,448
At 30 September 2016	<u>13,918</u>	<u>145,649</u>	<u>159,567</u>
Accumulated depreciation:			
At 1 October 2015	3,236	88,617	91,853
Charge for the year	2,640	23,109	25,749
At 30 September 2016	<u>5,876</u>	<u>111,726</u>	<u>117,602</u>
Net book value:			
At 30 September 2016	<u>8,042</u>	<u>33,923</u>	<u>41,965</u>
At 30 September 2015	<u>1,682</u>	<u>33,584</u>	<u>35,266</u>

10 ACCRUALS AND OTHER PAYABLES

	2016 HK\$	2015 HK\$ (Restated)
Accruals	47,561	24,000
Receipt in advance	<u>4,152,935</u>	<u>3,745,255</u>
	<u>4,200,496</u>	<u>3,769,255</u>

11 RELATED PARTY TRANSACTIONS

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

	2016 HK\$	2015 HK\$
Donation from WYNG Foundation Limited	<u>1,170,000</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.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

12 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation of the financial statements.

13 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the company's Board of Directors on **16 MAY 2017**