

Redress Limited
(Incorporated in Hong Kong and limited by guarantee)
Financial statements for the year ended 31 December 2020

Directors' report

The directors submit herewith their report together with the audited financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) for the year ended 31 December 2020.

Principal activity

The principal activities of the Company are the advancement of education of the general public in recycling, responsible consumerism and the effects of pollution generally on overall health of the Hong Kong community.

Permitted indemnity provision

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of the directors of the Company.

At the time of approval of this report, there are no permitted indemnity provision in force for the benefit of the directors of the Company.

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 financial year. Accordingly, the Company is exempted from preparing a business review.

Debentures

The Company has not issued any debentures during the year.

Directors

The directors during the financial year were:

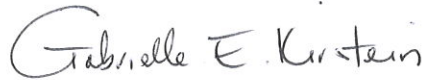
Christina Emily BRUN
Edwin Yee Man KEH
Gabrielle Edel Mary KIRSTEIN
Ming Wai Anderson LEE
Ostiane May Hua GOH-LIVORNESS
William Charles CORNELIUS

In accordance with the provision of the Company's Article and Association, all the directors continue in office.

Approval of directors' report

This report was approved by the board of directors on **20 SEP 2021**

On behalf of the directors

A handwritten signature in black ink that reads "Gabrielle E. Kirstein". The signature is written in a cursive, flowing style.

Gabrielle Edel Mary KIRSTEIN
Director
Hong Kong

Independent auditor's report to the members of Redress Limited

(Incorporated in Hong Kong with limited by guarantee)

Opinion

We have audited the financial statements of Redress Limited (the "Company"), which comprise the statement of financial position as at 31 December 2020, 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Executive committee members' 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.

Responsibilities of directors 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 executive committee members 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.

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 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 HKSA's 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 HKSA's, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.
- Conclude on the appropriateness of the executive committee members' 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.

A handwritten signature in blue ink that reads "Wise Diligent". The signature is stylized, with the first letters of "Wise" and "Diligent" being prominent and capitalized.

Wise Diligent CPA Company Limited
Certified Public Accountants (Practising)
Hong Kong 20 September 2021

Engagement partner: Cheng Ho Long
Practising Certificate number: P06101

Income statement
For the year ended 31 December 2020
(Expressed in Hong Kong dollars)


		2020 HK\$	2019 HK\$
	Note		
Income	4	3,835,600	2,739,510
Grant received, Redress Design Award 2019		-	757,811
Grant received, Redress Design Award 2020		858,195	3,574,512
Grant received, Redress Design Award 2021		3,559,818	-
		<u>8,253,613</u>	<u>7,071,833</u>
Other income	4	2,474,301	2,202,745
Redress Design Award 2020/2019 expenses		(5,123,707)	(5,209,311)
Administrative expenses		(2,927,972)	(2,644,330)
Other expenses		(220,974)	(263,856)
		<u>(8,272,653)</u>	<u>(8,117,497)</u>
Surplus for the year	5	2,455,261	1,157,081
Tax expense	6	-	-
Net surplus for the year		<u><u>2,455,261</u></u>	<u><u>1,157,081</u></u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

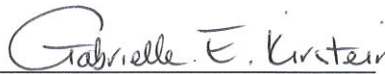
Statement of financial position
As at 31 December 2020
(Expressed in Hong Kong dollars)

		2020 HK\$	2019 HK\$
	Note		
Non-current assets			
Property, plant and equipment	8	120,621	40,469
Current assets			
Grants receivables		1,835,293	1,027,045
Rental and utility deposits		319,540	163,200
Other receivables		6,952	6,951
Cash and cash equivalent		4,651,191	3,575,951
		<u>6,812,976</u>	<u>4,773,147</u>
Current liabilities			
Accrual		(16,000)	(8,000)
Trade payables		(164,093)	(236,129)
Amount due to a director	9	(768,868)	(1,040,112)
		<u>(948,961)</u>	<u>(1,284,241)</u>
Net current assets		<u>5,864,015</u>	<u>3,488,906</u>
Net assets		<u>5,984,636</u>	<u>3,529,375</u>
EQUITY			
Total Surplus		<u>5,984,636</u>	<u>3,529,375</u>

Approved and authorised for issue by the board of directors on **20 SEP 2021**



William Charles CORNELIUS
Director



Gabrielle Edel Mary KIRSTEIN
Director

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 General information

Redress Limited (the “Company”) is a company incorporated and domiciled in Hong Kong with limited by guarantee and is a charitable institution exempted from tax under section 88 of Inland Revenue Ordinance. The Company has its registered office and principal place of business at Suite 2406, 24th Floor, 9 Queen's Road Central, Hong Kong.

The principal activities of the Company are the advancement of education of the general public in recycling, responsible consumerism and the effects of pollution generally on overall health of the Hong Kong community.

2 Significant accounting policies

(a) Basis of preparation of the financial statements

The Company qualifies for the reporting exemption as a small private Company under section 359(1)(a) 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 measurement basis used in the preparation of the financial statements is the historical cost basis.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of SME-FRS that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(b) 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.

(c) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are

also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on systematic basis; and*
- (ii) Sponsorship income are recognised on cash basis; and*
- (iii) Sale of donated clothes is recognised when the clothes are delivered and the risk and rewards of the ownership have passed to the donors; and*
- (iv) Bank interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest rate applicable.*

(e) Related parties

(a) A person, or a close member of that person's family, is related to the Company if that person:

- (i) has control or joint control over the Company;*
- (ii) has significant influence over the Company; or*
- (iii) is a member of the key management personnel of the Company or the Company's parent.*

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).*
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).*
- (iii) Both entities 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 entity.*
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.*
- (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).*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Accounting judgement and estimates

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty are as follows:

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Company reviews the estimated useful lives of the property, plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting year. The useful lives are based on the Company's historical experience with similar assets taking into account anticipated technological changes. The depreciation expense for future years is adjusted if there are significant changes from previous estimates.

4 Income and other income

	2020 HK\$	2019 HK\$
Income		
Sponsorship income	3,835,600	2,739,510
Grant received for Redress Design Award 2019	-	757,811
Grant received for Redress Design Award 2020	858,195	3,574,512
Grant received for Redress Design Award 2021	3,559,818	-
	<u>8,253,613</u>	<u>7,071,833</u>
Other income		
Bank interest income	57	2,299
Exchange gain	-	4,236
Government subsidy	558,750	-
Sale of donated clothes	1,600,220	1,237,055
Sponsorship income	313,513	950,450
Sundry income	1,761	8,705
	<u>2,474,301</u>	<u>2,202,745</u>
	<u>10,727,914</u>	<u>9,274,578</u>

5 Surplus for the year

Surplus for the year is arrived after charging:

	2020 HK\$	2019 HK\$
Auditor's remuneration	8,000	8,000
Exchange gain	-	4,236
Staff costs	<u>1,462,313</u>	<u>1,157,349</u>

6 Income tax

The Company is exempted from Hong Kong profits tax in accordance with Section 88 of the Inland Revenue Ordinance.

7 Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance, is as follows:

	2020 HK\$	2019 HK\$
Fee	-	-
Other emoluments		
- Salaries	-	-
- Retirement scheme contribution	-	-
- Other benefits	-	-
	<u>-</u>	<u>-</u>

8 Property, plant and equipment

	<i>Computer equipment</i> HK\$	<i>Leasehold improvement</i> HK\$	<i>Total</i> HK\$
Cost:			
As at 1 January 2020	40,469	1,600	42,069
Additions	78,190	24,410	102,600
As at 31 December 2020	<u>118,659</u>	<u>26,010</u>	<u>144,669</u>
Accumulated depreciation:			
As at 1 January 2020	-	1,600	1,600
Change for the year	21,200	1,248	22,448
As at 31 December 2020	<u>21,200</u>	<u>2,848</u>	<u>24,048</u>
Net book value:			
As at 31 December 2020	<u>97,459</u>	<u>23,162</u>	<u>120,621</u>
As at 31 December 2019	<u>40,469</u>	<u>-</u>	<u>40,469</u>

9 Related party disclosures

	2020 HK\$	2019 HK\$
Amounts due to related parties		
A director	<u>768,868</u>	<u>1,040,112</u>

The balance due to a director is unsecured, free interest bearing and have no fixed repayment terms.

10 Changes in equity

	Retained surplus HK\$
Balance at beginning of year	3,529,375
Surplus for the year	<u>2,455,261</u>
As at 31 December 2020	<u><u>5,984,636</u></u>