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Directors' Report
Audited Financial Statements
International Care Ministries Limited
31 May 2021

International Care Ministries Limited

Directors' report

The directors submit herewith their report and audited financial statements of International Care Ministries Limited (the "Company") for the year ended 31 May 2021.

Principal activity

The principal activity of the Company is to provide care for the poor and those in need through strategic programs and donations of cash and goods.

Results

The results of the Company for the year ended 31 May 2021 are set out in the Statement of Comprehensive Income on page 8.

Review of the Company's business

As one of the top 15 most populous countries in the world, the Philippines is home to more than 100 million people. Despite robust economic growth in recent years, more than 25 million Filipinos still live in extreme poverty, on incomes below US\$1.25 per day. The work of the Company since incorporation has been targeted toward those living at the absolute bottom of the economic ladder, the seven million Filipinos living in "ultrapoverty," on less than US\$0.50 per day.

The Company also has a multi-year partnership with a charitable partner in Uganda. Through this partnership, the Company's proven poverty alleviation program is deployed in Uganda to help those who live in ultrapoverty.

Living on less than US\$0.50 per day means a daily battle for survival. The ultrapoor live in inadequate, crowded shelters. They suffer from chronic hunger and malnutrition. They lack access to clean water and proper sanitation making them highly prone to many types of diseases. They are particularly vulnerable to recurring natural disasters. And they lack access to networks of support that could help them. Living in ultrapoverty means living without hope for a better future. The Company's initiatives are designed specifically to meet the needs of ultrapoor households.

Programs

The Company does its work in the Philippines through its charitable partners primarily in four programs – Transform, Family Academy, Thrive Network and Prevail. In Uganda, the Company has implemented the Transform program during the current fiscal year. Transform is a four-month holistic learning experience in the slum community where the participants live. Family Academy focuses on providing parents with simple teaching materials in order for the parents to teach basic knowledge in a home school setting. The Thrive Network is a network of nearly 10,000 pastors with churches in slum communities who provide the Company the ability to reach those living in ultrapoverty cost effectively. Prevail is a program related to Transform. The participants form savings groups under the Transform Program. After the end of Transform, the Company continues to support these newly formed savings groups through monthly "Prevail" meetings where the participants get additional training and accountability. In the current fiscal year, the Company also piloted the Refresh and Renew programs aimed at strengthening saving groups that had become less active or inactive. These programs re-energized such saving groups to allow their members to renew their engagement.

The Company embraces a business approach to fighting poverty, ensuring the greatest impact while at the same time keeping costs as low as possible:

Maximising Impact

The Company is dedicated to rigorous and detailed measurement of results. Since 2009, the Company has accumulated over 500 million program relevant survey data points. This allows the Company to report with confidence that the Company is delivering real life change for the ultrapoor.

International Care Ministries Limited

Directors' report

Review of the Company's business (Continued)

Programs (Continued)

Minimising Cost

The Company's twenty-eight years of experience tell us that the key to progress out of poverty is not about giving expensive assets to the poor. The key is the people themselves who are the assets. The Company invites those living in ultrapoor to hope for a better future and helps them to realise their own potential to reach it. And fortunately that is not expensive.

Staff

The work of the Company is made possible by its dedicated small team of staff in Hong Kong who works with the Company's charitable partners which have a field team of 524 Filipinos who serve 23 provinces from 12 bases of operations in the Visayas and Mindanao region of the Philippines.

Donors

The Company is supported generously by a wide variety of donors from different countries. In recent years, the Company has diversified its donor base with the generosity of foundations, churches and schools. The donations from foundations increased to HK\$30.1 million or 43.2% of total donations in 2021 when compared to that in 2020 of HK\$21.3 million or 31.8% of total donations. Donations from fundraising activities in 2021 were HK\$6.8 million representing 9.8% of total donations versus HK\$8.6 million which represented 13% of total donations in 2020.

In-Kind partners

In this fiscal year, the Company's charitable partner donated 1 container of about 274,000 meals for the ultrapoor, consisting of protein and micronutrient fortified dehydrated food. The Company also received 33,000 bars of soap for ultrapoor program participants. The Company paid for the shipment of these in-kind gifts from Hong Kong to Uganda and to the Philippines respectively.

Compliance with laws and regulations

The Company is committed to compliance with all applicable laws and regulations in Hong Kong. These laws and regulations include those which apply specifically to charitable organisations, as well as those applicable to general business operation in Hong Kong. The Company encourages responsible and sustainable environmental practices in Hong Kong and in the operations of its charitable partners in the Philippines and Uganda.

Principal risks & uncertainties facing the Company

The Company has risks with regard to the amount, source and timing of donation income. Uncertainty around global economic developments may impact donors' ability to give. The Company seeks actively to mitigate these risks by diversifying its donor base and by maintaining good contacts with donors to improve the Company's cash flow forecasting. In recent years, the Company has increased the proportion of funding which comes as grants from overseas foundations. The Company will continue to apply for grants from selected institutional funders to develop these as an additional diversified funding source.

The Philippines have presidential elections every six years with the next election in 2022. Other national, regional and local elections happen regularly and have the potential to impact the operations of the Company's charitable partners in the Philippines. The Company's charitable partners strive to reduce the risks of political developments by maintaining good relations with local government officials and agencies regardless of political affiliation. In addition, local government in the Philippines tends to view the Company's work to transform the lives of the ultrapoor in a positive light and is inclined generally to not stand in the way of these efforts.

International Care Ministries Limited

Directors' report

Review of the Company's business (Continued)

Principal risks & uncertainties facing the Company (Continued)

Natural disasters, such as typhoons, landslides and earthquakes, are a fact of life across the Asian region. Such disasters have the potential to disrupt the operations of the Company and its charitable partners. The Company has policies to keep staff members safe during inclement weather and the Company's charitable partners conduct training in disaster preparedness not only for the benefit of program participants but also for the benefit and safety of staff of the Company.

Staff turnover may impact operations for the Company. The Company addresses this risk with a rigorous recruitment and staff selection process, regular performance reviews and a competitive compensation and benefits strategy commensurate with the Company's financial means.

Significant subsequent event

The Company is not aware of any significant events affecting the Company since the end of the reporting period and up to the date of this report.

Future development in the Company's business

As mentioned above, the Company will continue to diversify its sources of funding, especially through pursuit of additional foundation grants and grants from institutional funders.

The Company will continue to follow its current strategy of innovation in program development and delivery as the Company implements its business approach to fighting poverty, ensuring the greatest impact while at the same time keeping costs as low as possible.

In addition, as a response to the COVID-19 outbreak, the Company actively works with international partners to reach out to ultra-poor communities in new ways in order to provide them with food and other required support. It is one of the Company's main priorities that those in great need can receive the best possible support during this challenging season.

Directors

The directors who held office during the year or during the period from the end of the year to the date of this report were:

David Kent Sutherland
Malcolm Ross John Wood
Charles Brian Douglas Caldwell
Andrew Michael Ostrognai
David Lee Simms
Daniel Gabriel Montecillo
Guangjie Hopton Yang

In accordance with Articles 38 to 40 of the Company's Articles of Association, David Kent Sutherland, Malcolm Ross John Wood and Charles Brian Douglas Caldwell will retire by rotation at the annual general meeting and, being eligible, will offer themselves for re-election.

Arrangements for acquisition of shares or debentures

At no time during the year was the Company a party to any arrangements to enable directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other 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.

International Care Ministries Limited

Directors' report

Equity-linked agreements

No equity-linked agreements into which the Company entered subsisted at any time during the year.

Permitted indemnity provisions

No permitted indemnity provision was in force during the year, or is in force at the date of this report, for the benefit of a then director or a director of the Company (whether made by the Company or otherwise).

Charitable donations

Charitable donations made by the Company during the year amounted to HK\$49,252,270.

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Mazars CPA Limited, *Certified Public Accountants*, as the auditor of the Company.

Approved by the Board of Directors and signed on its behalf by



David Kent Sutherland
Chairman

30 AUG 2021

Independent Auditor's Report

To the members of
International Care Ministries Limited
(incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of International Care Ministries Limited (the "Company") set out on pages 8 to 19, which comprise the statement of financial position as at 31 May 2021, the statement of comprehensive income, the statement of changes in fund and the 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 Company as at 31 May 2021, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants (the "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") 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 of the Company are responsible for the other information. The other information comprises the directors' report.

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
International Care Ministries Limited
(incorporated in Hong Kong with liability limited by guarantee)

Responsibilities of directors for the financial statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities 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.

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 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 judgement 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 directors.

Independent Auditor's Report

To the members of

International Care Ministries Limited

(incorporated in Hong Kong with liability limited by guarantee)

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 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.
- 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 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.



Certified Public Accountants
Hong Kong, 30 August 2021

The engagement director on the audit resulting in this independent auditor's report is:

Eunice Y M Kwok

Practising Certificate number: P04604

International Care Ministries Limited

Statement of Comprehensive Income

For year ended 31 May 2021

	<i>Note</i>	2021 HK\$	2020 HK\$
Revenue	3	69,702,840	66,922,714
Cost of fund raising activities		<u>(579,795)</u>	<u>(1,765,643)</u>
Gross profit		69,123,045	65,157,071
Other income	4	1,399,497	42,716
Administrative and general expenses		(11,505,304)	(12,534,680)
Donations to ICMMI and ICMFI	6	(46,965,690)	(36,654,727)
Overseas ministries		<u>(12,086,288)</u>	<u>(10,873,063)</u>
(Deficit) Surplus before tax	5	(34,740)	5,137,317
Income tax expense	7	<u>-</u>	<u>-</u>
(Deficit) Surplus for the year		(34,740)	5,137,317
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive (loss) income for the year		<u>(34,740)</u>	<u>5,137,317</u>


International Care Ministries Limited

Statement of Financial Position

At 31 May 2021

	Note	2021 HK\$	2020 HK\$
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	8	128,867	-
Current assets			
Bank balances and cash		7,385,843	7,604,890
Deposits, prepayments and other receivables		316,932	297,722
		7,702,775	7,902,612
Total assets		7,831,642	7,902,612
<u>LIABILITIES</u>			
Current liabilities			
Other payables and accruals		10,000	46,230
Total liabilities		10,000	46,230
<u>FUNDS</u>			
General operating funds		2,258,212	7,856,382
Designated funds		5,563,430	-
		7,821,642	7,856,382
Total liabilities and funds		7,831,642	7,902,612

These financial statements on pages 8 to 19 were approved and authorised for issue by the Board of Directors on 30 AUG 2021 and signed on its behalf by



David Kent Sutherland
Director



Guangjie Hopton Yang
Director

International Care Ministries Limited

Statement of Changes in Fund

Year ended 31 May 2021

	General operating funds HK\$	Designated funds HK\$	Total funds HK\$
At 1 June 2019	2,719,065	-	2,719,065
Surplus for the year and total comprehensive income for the year	<u>5,137,317</u>	<u>-</u>	<u>5,137,317</u>
At 31 May 2020 and 1 June 2020	7,856,382	-	7,856,382
(Deficit) Surplus for the year and total comprehensive (loss) income for the year (<i>Note 11</i>)	<u>(5,598,170)</u>	<u>5,563,430</u>	<u>(34,740)</u>
At end of year	<u>2,258,212</u>	<u>5,563,430</u>	<u>7,821,642</u>

General operating funds represent long-term programs and activities undertaken by the Company for providing care for the poor and those in need.

Designated funds represent funds allocated by the Company to a project designated by the donor.

International Care Ministries Limited

Statement of Cash Flows

Year ended 31 May 2021

	2021 HK\$	2020 HK\$
OPERATING ACTIVITIES		
(Deficit) Surplus before tax	(34,740)	5,137,317
Interest income	(211)	(8,716)
Depreciation	64,433	-
Changes in working capital:		
Increase in deposits, prepayments and other receivables	(19,210)	(136,012)
(Decrease) Increase in other payables and accruals	(36,230)	10,954
Net cash (used in) generated from operating activities	(25,958)	5,003,543
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(193,300)	-
Interest received	211	8,716
Net cash (used in) generated from investing activities	(193,089)	8,716
Net (decrease) increase in cash and cash equivalents	(219,047)	5,012,259
Cash and cash equivalents at beginning of year	7,604,890	2,592,631
Cash and cash equivalents at end of year, represented by bank balances and cash	7,385,843	7,604,890

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2021

1. GENERAL INFORMATION

International Care Ministries Limited (the "Company") was incorporated in Hong Kong on 26 June 2002 as a company limited by guarantee and not having a share capital.

Every member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member, or within 1 year afterwards, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding HK\$100.

Its registered office is located at Offices B & C, 7th Floor, Gold Union Commercial Building, 71 Connaught Road West, Hong Kong. The principal activity of the Company is to provide care for the poor and those in need through strategic programs and donations of cash and goods.

2. PRINCIPAL ACCOUNTING POLICIES

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 Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 financial statements.

A summary of the principal accounting policies adopted by the Company is set out below.

Revenue recognition

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

Donation income and revenue from fund raising activities are recognised when they are received.

Foreign currency translation

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

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 surplus or deficit.

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2021

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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. Assets held under finance leases, for which there is no reasonable certainty that the Company will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease.

The following annual rate is used for the depreciation of property, plant and equipment:

Furniture and equipment	33%
Computer equipment	33%
Leasehold improvements	33%

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

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plan

The obligations for contributions to a defined contribution retirement scheme are recognised as an expense in surplus or deficit as incurred. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Company's contractual rights to future cash flows from the financial asset expire or (ii) the Company transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Notes to the Financial Statements

Year ended 31 May 2021

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

1) Loans and receivables

Loans and receivables including bank balances and cash, and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

2) Financial liabilities

The Company's financial liabilities include other payables and accruals. All financial liabilities, except for financial liabilities at fair value through profit or loss, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of non-financial assets

At the end of each reporting period, property, plant and equipment are reviewed to determine whether there is any indication that these 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 surplus or deficit.

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 (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2021

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant lease.

Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (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.
- (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 holding company, 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (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 holding company of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the holding company of the Company.

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 and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2021

3. REVENUE

	2021 HK\$	2020 HK\$
Donation income	68,541,496	63,546,094
Fund raising activities	1,161,344	3,376,620
	<u>69,702,840</u>	<u>66,922,714</u>

4. OTHER INCOME

	2021 HK\$	2020 HK\$
Bank interest income	211	8,716
Exchange gain, net	340,949	-
Government subsidies (*)	1,028,430	-
Other donation income	29,907	34,000
	<u>1,399,497</u>	<u>42,716</u>

(*) It represented grants received from the Government of the Hong Kong Special Administration Region for Employment Support Scheme under the Anti-epidemic Fund which aims to retain employment under the COVID-19 environment.

5. (DEFICIT) SURPLUS BEFORE TAX

This is stated after charging (crediting):

	2021 HK\$	2020 HK\$
Auditor's remuneration	46,000	44,000
Exchange (gain) loss	(340,949)	8,625
Operating lease payments for premises	563,421	525,720
Staff costs comprising:		
Salaries, wages and other benefits	15,990,183	15,223,161
Contributions to defined contribution retirement plan	286,094	275,685

6. DONATIONS TO ICMMI AND ICMFI

Donations of HK\$2,420,604 and HK\$44,545,086 (2020: HK\$4,856,434 and HK\$31,798,293) were paid to ICMManila, Inc. ("ICMMI") and International Care Ministries Foundation Inc. ("ICMFI") respectively during the year for provision of care for the poor and those in need. Both ICMMI and ICMFI are non-stock and non-profit corporations and have been accredited in the Philippines as agencies for assistance for individual in crisis situation and supplemental feeding. The Company, ICMMI and ICMFI have common directors.

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2021

7. TAXATION

Hong Kong Profits Tax has not been provided as the Company, being a charitable organisation, is exempt from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

8. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Computer equipment HK\$	Leasehold improvements HK\$	Total HK\$
Cost:				
At 1 June 2019, 31 May 2020 and 1 June 2020	185,347	-	-	185,347
Additions	-	81,852	111,448	193,300
Write-off	(185,347)	-	-	(185,347)
At 31 May 2021	-	81,852	111,448	193,300
Accumulated depreciation:				
At 1 June 2019, 31 May 2020 and 1 June 2020	185,347	-	-	185,347
Charge for the year	-	27,284	37,149	64,433
Write-off	(185,347)	-	-	(185,347)
At 31 May 2021	-	27,284	37,149	64,433
Net book value:				
At 31 May 2021	-	54,568	74,299	128,867
At 31 May 2020	-	-	-	-

9. OPERATING LEASE COMMITMENTS

The Company rents office premises under operating leases. The average period of the leases is two years, with fixed rentals over the period.

At the end of the reporting period, the Company had outstanding commitments under non-cancellable operating leases that fall due as follows:

	2021 HK\$	2020 HK\$
Within one year	366,000	500,500
In the second to fifth years inclusive	661,161	-
	1,027,161	500,500

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10. RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the Company had the following transaction with a related party:

Related party relationship	Nature of transaction	2021 HK\$	2020 HK\$
Key management personnel, excluding directors	Salaries and other benefits	<u>720,000</u>	<u>720,000</u>

11. FUND MOVEMENT

Based on the allocation basis agreed by the management, the fund movement for the Company's operating result is as follows:

	General operating funds HK\$	Designated funds HK\$	Total HK\$
Revenue			
Donation income	58,077,840	11,625,000	69,702,840
Other income	1,399,497	-	1,399,497
	<u>59,477,337</u>	<u>11,625,000</u>	<u>71,102,337</u>
Cost of fund raising activities	<u>(579,795)</u>	<u>-</u>	<u>(579,795)</u>
Expenditure			
Program expenses	(53,781,048)	(5,270,930)	(59,051,978)
Administrative and general expenses	(10,714,664)	(790,640)	(11,505,304)
	<u>(64,495,712)</u>	<u>(6,061,570)</u>	<u>(70,557,282)</u>
(Deficit) Surplus for the year	<u>(5,598,170)</u>	<u>5,563,430</u>	<u>(34,740)</u>

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12. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

The following disclosures are presented pursuant to section 383 of the Hong Kong Companies Ordinance.

a) Directors' remuneration

There was no directors' remuneration for the years ended 31 May 2021 and 2020.

b) Loans, quasi-loans and other dealings in favour of directors

There were no loans, quasi-loans or other dealings in favour of the directors of the Company that were entered into or subsisted during the years ended 31 May 2021 and 2020.

c) Directors' material interests in transactions, arrangements or contracts

The directors are of the opinion that no transactions, arrangements and 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 years or at any time during the years ended 31 May 2021 and 2020.