

Lok Hong Social Service Association

**Report and financial statements
Year ended 31 March 2017**

Lok Hong Social Service Association
Reports and financial statements

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Honorary Auditors' Report to the committee members of Lok Hong Social Service Association

(A charity organisation set up under Societies Ordinance in Hong Kong)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lok Hong Social Service Association ("the company") set out on pages 4 to 10, which comprise the statement of financial position as at 31 March 2017, and the statement of surplus or deficit and other comprehensive income, statement of changes in equity and 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 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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.

Responsibilities of committee members and those charged with governance for the financial statements

The committee members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Honorary 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 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Honorary Auditors' Report to the committee members of Lok Hong Social Service Association

(A charity organisation set up under Societies Ordinance in Hong Kong)


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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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 directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- 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 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.


Certified Public Accountants
Hong Kong, 16 MAY 2017

Kam Hau Choi Anthony
Practising Certificate Number P02558

Lok Hong Social Service Association**Statement of surplus or deficit or loss and other comprehensive income****Year ended 31 March 2017**

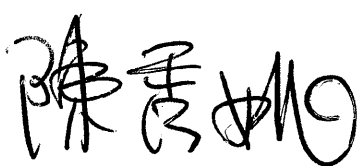
	2017 HK\$	2016 HK\$
Income		
Net street fund raising	102,164	113,432
Donation from Ms YUEN Kim Ping	200,000	200,000
Donation from Ms LEE Yuk Fong	80,000	75,000
Donation from Grampian Developments Limited	-	90,000
Other donation	220,370	230,157
	<u>602,534</u>	<u>708,589</u>
Expenditure		
Audit fee	-	-
Animal care product charges	74,496	31,959
Animal shelter renovation project	22,200	19,770
Depreciation	14,968	30,529
Food and travelling allowance for volunteers	27,590	49,124
Internet expense	9,357	21,338
Material for therapeutic activities	21,216	15,102
Medical care for stray animals	100,557	89,327
Messing	52,509	56,529
Postage, printing and stationery	51,977	56,554
Repair and maintenance	37,926	42,196
Sundries	42,164	52,152
Transportation and travelling	26,738	68,271
Utilities expense	36,530	36,838
	<u>518,228</u>	<u>569,689</u>
Total surplus/(deficit) for the year	<u>84,306</u>	<u>138,900</u>

All donation income and expenses of the Association have been transacted through HSBC bank account number 014-250377-001.

Lok Hong Social Service Association
Statement of financial position - 31 March 2017

		2017	2016
	Notes	HK\$	HK\$
Non-current assets			
Property, plant and equipment	6	18,223	33,191
Current assets			
Deposits paid		2,600	2,600
Cash and bank		4,778	10,847
		<u>7,378</u>	<u>13,447</u>
Current liabilities			
Amount due to the president	7	(1,383,691)	(1,489,034)
Net current liabilities		<u>(1,376,313)</u>	<u>(1,475,587)</u>
		<u>(1,358,090)</u>	<u>(1,442,396)</u>
Charity fund balance			
Accumulated deficit		<u>(1,358,090)</u>	<u>(1,442,396)</u>

Approved and authorised for issue by the Executive Committee



CHAN Sau Yiu
 President

Lok Hong Social Service Association
Statement of changes in equity - 31 March 2017

	Accumulated deficit HK\$
At 1 April 2015	(1,581,296)
Surplus for the year	<u>138,900</u>
At 31 March 2016	(1,442,396)
Surplus for the year	<u>84,306</u>
At 31 March 2017	<u><u>(1,358,090)</u></u>

Lok Hong Social Service Association
Statement of cashflows - 31 March 2017

	2017 HK\$	2016 HK\$
Cash flows from donations		
Surplus for the year	84,306	138,900
Adjustment for:		
Depreciation	14,968	30,529
Operating profit before working capital changes	99,274	169,429
Increase/(decrease) in operating liabilities		
Amount due to the chairman	(105,343)	(163,423)
Other payables	-	-
Cash generated from operation	(6,069)	6,006
Cash flows from investing activities		
Purchase of property, plant and equipment	-	-
Net increase/(decrease)		
in cash and cash equivalent	(6,069)	6,006
Cash and cash equivalent at beginning of year	10,847	4,841
Cash and cash equivalent at end of year	4,778	10,847
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	4,778	10,847

1 Organization information

The Association is registered under the Societies Ordinance and is a charity organisation. The officers of the Association are jointly and severally responsible for discharging the debts and liabilities of the Association. The address of its registered office and principal place of business is 4/F 392 Prince Edward Road, Kowloon City, Kowloon, Hong Kong.

During the year, the company continued to carry out charity work.

2 Basis of preparation of the financial statements

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKASs"); and Interpretations. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5.

These financial statements are presented in Hong Kong dollars, which is the company's functional and presentation currency.

3 Application of new and revised HKFRSs

New and revised standards and interpretations applied with no material effects on the financial statements

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. None of them are relevant to the company:

4 Significant accounting policies

a Property, plant and equipment

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

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives at the following annual rates:

Furniture and equipment	20%
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b Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Association is exempt under Section 88 of the Inland Revenue Ordinance.

c Impairment of 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 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 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

5 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are described below.

Estimated useful lives of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated, or will write-off or write-down obsolete assets that have been abandoned or sold.

Lok Hong Social Service Association
Notes to the financial statements - 31 March 2017

6 Property, plant and equipment

	Furniture and equipment HK\$
Cost	
At 1 April 2015	152,643
Additions	-
At 31 March 2016	<u>152,643</u>
Additions	
At 31 March 2017	<u>152,643</u>
Accumulated depreciation and impairment losses	
At 1 April 2015	88,923
Charge for the year	30,529
At 31 March 2016	<u>119,452</u>
Charge for the year	14,968
At 31 March 2017	<u>134,420</u>
Carrying amount at 31 March 2017	<u><u>18,223</u></u>
Carrying amount at 31 March 2016	<u><u>33,191</u></u>

7 Amount due to the president

The amount is interest free, unsecured and has no fixed terms of repayment. The president has indicated that the loan will not be recalled until sufficient fund is available in the Association.

8 Approval of financial statements

These financial statements were approved and authorised for issue by the company's Committee on 16 MAY 2017.