

**Lok Hong Social Service Association**

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

**Report and financial statements  
Year ended 31 March 2019**

**Lok Hong Social Service Association**  
**Reports and financial statements**

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**Independent honorary auditor's report to the members of Lok Hong Social Service Association**

(A charity organization 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 association") set out on pages 5 to 12 which comprise the statement of financial position as at 31 March 2019, and the statement of surplus or deficit, 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 association as at 31 March 2019, 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 association 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.

## **Independent honorary auditor's report to the members of Lok Hong Social Service Association**

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

### **Responsibilities of the 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 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 committee members are responsible for assessing the association'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 committee members either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

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

### **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.

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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.

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## **Independent honorary auditor's report to the members of Lok Hong Social Service Association**

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

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

- Conclude on the appropriateness of the 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 association'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 association 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, 12 JUN 2019

Kam Hau Choi Anthony  
Practising Certificate Number P02558

**Lok Hong Social Service Association**  
**Statement of surplus or deficit**  
**Year ended 31 March 2019**

	note	2019 HK\$	2018 HK\$
<b>Income</b>			
Net street fund raising	6	101,727	103,338
Donation from Ms YUEN Kim Ping		200,000	200,000
Donation from Ms LEE Yuk Fong		70,000	70,000
Albert Young Foundation Limited		50,000	-
Other donation		499,912	441,949
		<u>921,639</u>	<u>815,287</u>
<b>Expenditures</b>			
Audit fee		-	-
Animal care product charges		61,403	62,209
Animal shelter renovation project		50,796	56,500
Depreciation		5,005	13,218
Food and travelling allowance for volunteers		38,252	34,307
Internet expense		1,837	13,891
Material for therapeutic activities		11,400	8,689
Medical care for stray animals		85,745	93,751
Messing		59,262	57,138
Office supplies		72,992	-
Postage, printing and stationery		82,230	71,187
Repair and maintenance		223,651	140,935
Sundries		84,557	79,631
Transportation and travelling		41,742	33,501
Utilities expense		39,101	45,931
		<u>857,973</u>	<u>710,888</u>
Total surplus/(deficit) for the year		<u>63,666</u>	<u>104,399</u>

All donation income and expenditure have been transacted through the association's only bank account, the HSBC bank account number 014-250377-001.

**Lok Hong Social Service Association**  
**Statement of financial position - 31 March 2019**

	Notes	2019 HK\$	2018 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	7	-	5,005
<b>Current assets</b>			
Deposits paid		2,600	2,600
Cash and bank		7,075	15,073
		<u>9,675</u>	<u>17,673</u>
<b>Current liabilities</b>			
Amount due to the president	8	<u>(1,199,700)</u>	<u>(1,276,369)</u>
<b>Net current liabilities</b>		<u>(1,190,025)</u>	<u>(1,258,696)</u>
		<u>(1,190,025)</u>	<u>(1,253,691)</u>
<b>Charity fund balance</b>			
Accumulated deficit		<u>(1,190,025)</u>	<u>(1,253,691)</u>

Approved for issue by the Executive Committee



CHAN Sau Yiu  
 President

**Lok Hong Social Service Association**  
**Statement of changes in equity - 31 March 2019**

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	Accumulated deficit HK\$
At 1 April 2017	(1,358,090)
Surplus for the year	<u>104,399</u>
At 31 March 2018	(1,253,691)
Surplus for the year	<u>63,666</u>
At 31 March 2019	<u><u>(1,190,025)</u></u>



**Lok Hong Social Service Association**  
**Statement of cash flows - 31 March 2019**

	2019	2018
	HK\$	HK\$
<b>Cash flows from donations</b>		
Surplus for the year	63,666	104,399
Adjustment for:		
Depreciation	5,005	13,218
Operating surplus before working capital changes	<u>68,671</u>	<u>117,617</u>
Increase/(decrease) in operating liabilities		
Amount due to the president	(76,669)	(107,322)
Other payables	-	-
Cash generated from operation	<u>(7,998)</u>	<u>10,295</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<u>-</u>	<u>-</u>
<b>Net increase/(decrease)</b>		
<b>in cash and cash equivalent</b>	(7,998)	10,295
Cash and cash equivalent at beginning of year	15,073	4,778
Cash and cash equivalent at end of year	<u><u>7,075</u></u>	<u><u>15,073</u></u>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and cash equivalents	<u><u>7,075</u></u>	<u><u>15,073</u></u>

## **1. Organization information**

The association is registered under the Societies Ordinance and is a charity organization. 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 operation 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 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 recognized 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 association’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 association. None of them are relevant to the association.

## **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 recognized immediately in surplus or deficit.

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 recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in surplus or deficit.

**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 income, 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 recognized 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 2019**

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**6. Net street fund raising**

<b>Street fund raised</b>	permit 2018/232/1	permit 2017/314/1& 2017/314/2
	2019 HK\$	2018 HK\$
Street fund raised	<u>132,506</u>	<u>137,009</u>
<b>Expenditures</b>		
Audit fee	-	-
Animal care products	8,528	5,248
Food and beverage	3,690	9,608
Postage, mail and courier	11,614	6,608
Printing and stationery	2,097	2,504
Travelling and transportation	3,179	5,650
Sundries	1,671	4,053
	<u>(30,779)</u>	<u>(33,671)</u>
<b>Surplus of the function</b>	<u><u>101,727</u></u>	<u><u>103,338</u></u>

The surplus from the functions was used to support for the daily operation of the Association.

**Lok Hong Social Service Association**  
**Notes to the financial statements - 31 March 2019**

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**7. Property, plant and equipment**

	Furniture and equipment HK\$
Cost	
At 1 April 2017	152,643
Additions	-
At 31 March 2018	<u>152,643</u>
Additions	-
At 31 March 2019	<u>152,643</u>
Accumulated depreciation and impairment losses	
At 1 April 2017	134,420
Charge for the year	13,218
At 31 March 2018	<u>147,638</u>
Charge for the year	5,005
At 31 March 2019	<u>152,643</u>
Carrying amount at 31 March 2019	<u><u>-</u></u>
Carrying amount at 31 March 2018	<u><u>5,005</u></u>

**8. 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.

**9. Approval of financial statements**

These financial statements were approved and authorized for issue by the association's Committee on 12 JUN 2019