

**Lok Hong Social Service Association**

**Report and financial statements  
Year ended 31 March 2018**

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

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<b>Content</b>	<b>Pages</b>
Report of the honorary auditors	2
Statement of surplus or deficit	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9

**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 11, which comprise the statement of financial position as at 31 March 2018, 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 2018, 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 (“HKSA”) 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 directors 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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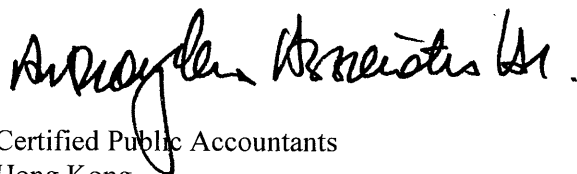
## **Independent honorary auditor's report to the members of Lok Hong Social Service Association**

(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,  
15 JUN 2018  
Kam Hau Choi Anthony  
Practising Certificate Number P02558

**Lok Hong Social Service Association**  
**Statement of surplus or deficit**  
**Year ended 31 March 2018**

	2018	2017
	HK\$	HK\$
<b>Income</b>		
Net street fund raising	103,338	102,164
Donation from Ms YUEN Kim Ping	200,000	200,000
Donation from Ms LEE Yuk Fong	70,000	80,000
Other donation	441,949	220,370
	<u>815,287</u>	<u>602,534</u>
<b>Expenditures</b>		
Audit fee	-	-
Animal care product charges	62,209	74,496
Animal shelter renovation project	56,500	22,200
Depreciation	13,218	14,968
Food and travelling allowance for volunteers	34,307	27,590
Internet expense	13,891	9,357
Material for therapeutic activities	8,689	21,216
Medical care for stray animals	93,751	100,557
Messing	57,138	52,509
Postage, printing and stationery	71,187	51,977
Repair and maintenance	140,935	37,926
Sundries	79,631	42,164
Transportation and travelling	33,501	26,738
Utilities expense	45,931	36,530
	<u>710,888</u>	<u>518,228</u>
Total surplus/(deficit) for the year	<u>104,399</u>	<u>84,306</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 changes in equity - 31 March 2018**

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	Accumulated deficit HK\$
At 1 April 2016	(1,442,396)
Surplus for the year	<u>84,306</u>
At 31 March 2017	(1,358,090)
Surplus for the year	<u>104,399</u>
At 31 March 2018	<u><u>(1,253,691)</u></u>



**Lok Hong Social Service Association**  
**Statement of cash flows - 31 March 2018**

	2018 HK\$	2017 HK\$
<b>Cash flows from donations</b>		
Surplus for the year	104,399	84,306
Adjustment for:		
Depreciation	13,218	14,968
Operating surplus before working capital changes	<u>117,617</u>	<u>99,274</u>
Increase/(decrease) in operating liabilities		
Amount due to the president	(107,322)	(105,343)
Other payables	-	-
Cash generated from operation	<u>10,295</u>	<u>(6,069)</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>	10,295	(6,069)
Cash and cash equivalent at beginning of year	4,778	10,847
Cash and cash equivalent at end of year	<u><u>15,073</u></u>	<u><u>4,778</u></u>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and cash equivalents	<u><u>15,073</u></u>	<u><u>4,778</u></u>

## **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 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 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 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 recognised 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 recognised for the asset in prior years. A reversal of an impairment loss is recognised 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 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 deprecation 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 2018**

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**6 Property, plant and equipment**

	Furniture and equipment HK\$
Cost	
At 1 April 2016	152,643
Additions	-
At 31 March 2017	<u>152,643</u>
Additions	-
At 31 March 2018	<u>152,643</u>
Accumulated depreciation and impairment losses	
At 1 April 2016	119,452
Charge for the year	14,968
At 31 March 2017	<u>134,420</u>
Charge for the year	13,218
At 31 March 2018	<u>147,638</u>
Carrying amount at 31 March 2018	<u><u>5,005</u></u>
Carrying amount at 31 March 2017	<u><u>18,223</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 association's Committee on 15 JUN 2018