

**Lok Hong Social Service Association**

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

**Report and financial statements  
Year ended 31 March 2020**

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

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

(A charity organization set up under the 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 10, which comprise the statement of financial position as at 31 March 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 (“HKASAs”) 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 committee members are responsible for the other information. The other information comprises the information included in the directors' 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 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 SME-FRS 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:

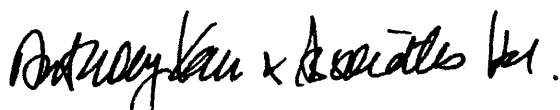
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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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- 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.

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, 19 JUN 2020

Kam Hau Choi Anthony  
Practising Certificate Number P02558

**Lok Hong Social Service Association**  
**Statement of surplus or deficit**  
**Year ended 31 March 2020**

	note	2020 HK\$	2019 HK\$
<b>Income</b>			
Net street fund raising	5	134,473	101,727
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		704,062	499,912
		<u>1,108,535</u>	<u>921,639</u>
<b>Expenditures</b>			
Audit fee		-	-
Animal care product charges		124,309	61,403
Animal shelter renovation project		125,062	50,796
Depreciation		-	5,005
Food and travelling allowance for volunteers		39,436	38,252
Internet expense		8,647	1,837
Material for therapeutic activities		11,347	11,400
Medical care for stray animals		112,184	85,745
Messing		90,299	59,262
Office supplies		82,910	72,992
Postage, printing and stationery		49,590	82,230
Repair and maintenance		156,930	223,651
Sundries		71,675	84,557
Transportation and travelling		44,120	41,742
Utilities expense		42,680	39,101
		<u>959,189</u>	<u>857,973</u>
Total surplus/(deficit) for the year		<u>149,346</u>	<u>63,666</u>

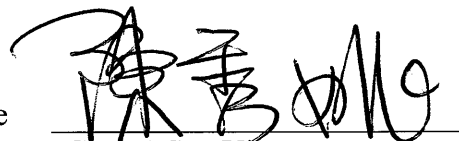
All donation income and expenditure have been transacted through the association's only bank account, the HSBC bank account number 014-250377-001.

The accompanying notes form an integral part of these financial statements.

**Lok Hong Social Service Association**  
**Statement of financial position - 31 March 2020**

	Notes	2020 HK\$	2019 HK\$
<b>Current assets</b>			
Deposits paid		2,600	2,600
Cash and bank		<u>71,544</u>	<u>7,075</u>
		<u>74,144</u>	<u>9,675</u>
<b>Current liabilities</b>			
Amount due to the president	6	<u>(1,114,823)</u>	<u>(1,199,700)</u>
<b>Net current assets/(liabilities)</b>		<u><u>(1,040,679)</u></u>	<u><u>(1,190,025)</u></u>
<b>Charity fund balance</b>			
Accumulated deficit	7	<u><u>(1,040,679)</u></u>	<u><u>(1,190,025)</u></u>

Approved for issue by the Executive Committee

  
 CHAN Sau Yiu  
 President

The accompanying notes form an integral part of these financial statements.

**Lok Hong Social Service Association**  
**Statement of cash flows - 31 March 2020**

	2020	2019
	HK\$	HK\$
<b>Cash flows from donations</b>		
Surplus for the year	149,346	63,666
Adjustment for:		
Depreciation	-	5,005
Operating surplus before working capital changes	<u>149,346</u>	<u>68,671</u>
Increase/(decrease) in operating liabilities		
Amount due to the president	<u>(84,877)</u>	<u>(76,669)</u>
Cash generated from operation	64,469	(7,998)
Cash and cash equivalent at beginning of year	<u>7,075</u>	<u>15,073</u>
Cash and cash equivalent at end of year	<u><u>71,544</u></u>	<u><u>7,075</u></u>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and cash equivalents	<u><u>71,544</u></u>	<u><u>7,075</u></u>

The accompanying notes form an integral part of these financial statements.



## **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 association continued to carry out charity work.

## **2. Basis of preparation and summary of accounting policies**

The association prepares and presents 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 association is a going concern.

The measurement base adopted is the historical cost convention.

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements:

## **3. Significant accounting policies**

### **Income tax**

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.

### **Impairment of assets**

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including item of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years.

### Cash and cash equivalents

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

#### 4. 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.

#### 5. Net street fund raising

##### Street fund raised

	2020			2019
	Permit	Permit	Total	Permit
	2019/228/1	2019/140/1		2018/232/1
	HK\$	HK\$	HK\$	HK\$
Street fund raised	28,296	148,320	176,616	132,506
<b>Expenditures</b>				
Audit fee	-	-	-	-
Animal care products	750	8,054	8,804	8,528
Food and beverage	1,420	4,921	6,341	3,690
Postage, mail and courier	10	12,204	12,214	11,614
Printing and stationery	248	603	851	2,097
Travelling and transportation	1,275	6,609	7,884	3,179
Sundries	211	5,838	6,049	1,671
	(3,914)	(38,229)	(42,143)	(30,779)
<b>Surplus of the function</b>	<b>24,382</b>	<b>110,091</b>	<b>134,473</b>	<b>101,727</b>

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 2020**

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**6. 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.

**7. Accumulated deficit**

	Accumulated deficit HK\$
At 1 April 2018	(1,253,691)
Surplus for the year	<u>63,666</u>
At 31 March 2019	(1,190,025)
Surplus for the year	<u>149,346</u>
At 31 March 2020	<u><u>(1,040,679)</u></u>

**8. Approval of financial statements**

These financial statements were approved and authorized for issue by the association's Committee on 19 JUN 2020