

Lok Hong Social Service Association

(A charity registered under the Societies Ordinance in Hong Kong)

**Report and financial statements
Year ended 31 March 2021**

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

(A charity 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 9, which comprise the statement of financial position as at 31 March 2021, and the statement of income 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 association 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 Societies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) 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 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.

Other information

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.

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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 in accordance with the 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 company'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, in accordance with Hong Kong Societies 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 HKSAAs 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 HKSAAs, 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.

Lok Hong Social Service Association
Year ended 31 March 2021

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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.

Anthony Kam & Associates Ltd.

Certified Public Accountants
Hong Kong, 24 AUG 2021

Kam Hau Choi Anthony
Practising Certificate Number P02558

Statement of surplus or deficit
Year ended 31 March 2021
(Expressed in Hong Kong dollars)

	Notes	2021 \$	2020 \$
Income			
Net street fund raised	2	138,340	134,473
Donation from Ms YUEN Kim Ping		200,000	200,000
Donation from Ms LEE Yuk Fong		90,000	70,000
Other donations		728,922	704,062
		1,157,262	1,108,535
Expenditures			
Audit fee		-	-
Animal care product charges		124,780	124,309
Animal shelter renovation project		171,300	125,062
Food and travelling allowance for volunteers		1,900	39,436
Internet expense		792	8,647
Material for therapeutic activities		10,020	11,347
Medical care for stray animals		128,699	112,184
Messing		1,348	90,299
Office supplies		67,777	82,910
Postage, printing and stationery		77,095	49,590
Repair and maintenance		371,553	156,930
Storage fee		19,000	-
Sundries		78,659	71,675
Transportation and travelling		45,260	44,120
Utilities expense		65,210	42,680
		(1,163,393)	(959,189)
Total surplus/(deficit) for the year		(6,131)	149,346

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
Year ended 31 March 2021

Statement of financial position - 31 March 2021
 (Expressed in Hong Kong dollars)

	Notes	2021 \$	2020 \$
Current assets			
Deposits		2,600	2,600
Cash at bank and on hand		63,396	71,544
		<u>65,996</u>	<u>74,144</u>
Current liabilities			
Amount due to the president	3	(1,112,806)	(1,114,823)
Net current assets/(liabilities)		<u>(1,046,810)</u>	<u>(1,040,679)</u>
Charity fund balance			
Accumulated surplus/(deficit)	4	<u>(1,046,810)</u>	<u>(1,040,679)</u>

Approved for issue by the Executive Committee


 CHAN Sau Yiu
 President


 CHENG Siu Kuen Iris
 Accountant

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

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant accounting policies

The association prepare and present 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 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.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the company are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

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.

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.

Foreign currencies

The reporting currency of the company is Hong Kong dollars, which is the currency of the primary economic environment in which the company operates. Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into reporting currency using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognized in the income statement.

Related parties

- (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 association;
 - (ii) has significant influence over the association; or
 - (iii) is a member of the key management personnel of the association or the association's parent.
- (b) An entity is related to the association if any of the following conditions applies:
- (i) The entity and the association are members of the same group (which means that each parent, 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 reporting entity or an entity related to the group.
 - (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 parent 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 group or to the group's parent.

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.

Revenue and other income

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(a) Street funds raised are recognized as received.

(b) Donations are recognized as received.

2 Net street fund raised

	2021			2020		
	Permit 2021/001/1	Permit 2020/077/1	Total	Permit 2019/228/1	Permit 2019/140/1	Total
	\$	\$	\$	\$	\$	\$
Street fund raised	90,320	69,370	159,690	28,296	148,320	176,616
Expenditures						
Audit fee	-	-	-	-	-	-
Animal care products	2,962	3,740	6,702	750	8,054	8,804
Food and beverage	1,634	1,103	2,737	1,420	4,921	6,341
Postage, mail and courier	81	270	351	10	12,204	12,214
Printing and stationery	2,340	1,267	3,607	248	603	851
Travelling and transportation	3,057	1,618	4,675	1,275	6,609	7,884
Sundries	1,488	1,790	3,278	211	5,838	6,049
	<u>(11,562)</u>	<u>(9,788)</u>	<u>(21,350)</u>	<u>(3,914)</u>	<u>(38,229)</u>	<u>(42,143)</u>
Surplus of the function	<u>78,758</u>	<u>59,582</u>	<u>138,340</u>	<u>24,382</u>	<u>110,091</u>	<u>134,473</u>

The surplus from the functions was used for the daily expenses of the association.

Lok Hong Social Service Association
Year ended 31 March 2021

3 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.

4 Accumulated surplus/(deficit)

	Accumulated surplus \$
Balance at 1 April 2020	(1,040,679)
Surplus/(deficit) for the year	<u>(6,131)</u>
Balance at 31 March 2021	<u><u>(1,046,810)</u></u>

5 Approval of financial statements

These financial statements were approved and authorized for issue by the Executive Committee on 24 AUG 2021