

**LOK CHI ASSOCIATION LIMITED**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2013



**Yuen & Chu** CPA Limited

**Certified Public Accountants**

**LOK CHI ASSOCIATION LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH, 2013**

INDEX

|   | PAGES   |
|---|---------|
| REPORT OF THE MANAGEMENT COMMITTEE                | 1 - 2   |
| INDEPENDENT AUDITOR'S REPORT                      | 3 - 4   |
| STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE | 5       |
| BALANCE SHEET                                     | 6 - 7   |
| STATEMENT OF CHANGES IN TOTAL FUNDS               | 8       |
| STATEMENT OF CASH FLOWS                           | 9       |
| NOTES TO THE FINANCIAL STATEMENTS                 | 10 - 21 |

## **LOK CHI ASSOCIATION LIMITED**

### **REPORT OF THE MANAGEMENT COMMITTEE**

The Members of the Management Committee have pleasure in submitting their report and audited financial statements for the year ended 31st March, 2013.

#### **Financial statements**

The state of the Association's affairs as at 31st March, 2013 together with results for the financial year ended on the same date, are set out in the financial statements and notes on pages 5 to 21.

#### **Principal activities**

The Association is a charitable organisation and the principal activities for which the Association is established are to promote the welfare of the intellectually impaired and to support their families in this respect.

#### **Property, plant & equipment**

Details of movements in property, plant & equipment during the year are set out in note 18 to the financial statements.

#### **Reserves**

Details of movements in the reserves of the Association during the year are set out in the statement of changes in total funds and notes 7 to 17 to the financial statements.

#### **Members of the Management Committee**

The Members of the Management Committee during the year and up to the date of this report were:

Officers:

|                    |                       |
|--------------------|-----------------------|
| Mr. Lai Ross       | (Chairperson)         |
| Ms. Kwan Chui Kuen | (Vice-Chairperson)    |
| Ms. Tsang Chi Hung | (Vice-Chairperson)    |
| Ms. Luk Yim Ling   | (Honourary Treasurer) |
| Ms. Wong Chee Mun  | (Honourary Secretary) |

**LOK CHI ASSOCIATION LIMITED**

**REPORT OF THE MANAGEMENT COMMITTEE (Cont'd)**

Others:

Dr. Chung Po Yee  
Ms. Cheung Hang Mui  
Dr. Chiu Ching Tak Lan, Rosa  
Ms. Choi Shuk Yam, Rosa (Resigned on 19th January, 2013)  
Ms. Kwok Man Yee, Wandy  
Ms. Wong Mei Yee  
Ms. Ko Kit Mui  
Dr. Wong Chung Hin, Willy  
Ms. Leung Pik Han, Alice  
Ms. Wong Oi King  
Ms. Yeung Mee Ling (Appointed on 19th January, 2013)

In accordance with Article 12 of the Association's Articles of Association, all Members of the Management Committee shall retire and, being eligible, offer themselves for re-election but they shall not hold the same office for three consecutive years.

**Management Committee Members' interest in contracts**

No contract of significance to which the Association was a party and in which a Member of the Management Committee had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**Management contract**

No contract concerning the management and administration of the Association was entered into or existed during the year.

**Auditors**

A resolution for the re-appointment of Yuen & Chu CPA Limited as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

By Order of the Management Committee

  
Chairperson

Hong Kong

Date : 31 OCT 2013

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF THE MANAGEMENT COMMITTEE OF LOK CHI ASSOCIATION LIMITED**

**(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)**

We have audited the financial statements of Lok Chi Association Limited ("the Association") set out on pages 5 to 21, which comprise the balance sheet as at 31st March, 2013, and the statement of comprehensive income and expenditure, statement of changes in total funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Members of the Management Committee's responsibility for the financial statements**

The Members of the Management Committee of the Association are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the Members of the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Members of the Management Committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT (Cont'd)**

**TO THE MEMBERS OF THE MANAGEMENT COMMITTEE OF LOK CHI ASSOCIATION LIMITED**

**(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)**

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Association's affairs as at 31st March, 2013, and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



YUEN & CHU CPA LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

Hong Kong

Date : 31 OCT 2013

Chu Wai Yin

Practising certificate number : P03995

**LOK CHI ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**

**FOR THE YEAR ENDED 31ST MARCH, 2013**

|   | <u>Note</u> | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|---|-------------|----------------------------|----------------------------|
| <b>Income</b>   | 5           | 4,100,493                  | 3,727,434                  |
| <b>Administrative and operating expenditure</b>                   |             | <u>(3,967,578)</u>         | <u>(3,126,862)</u>         |
| <b>Operating surplus</b>  | 6           | <u>132,915</u>             | <u>600,572</u>             |
| <b>Fund appropriation</b>   |             |                            |                            |
| Transfer from EDB subvention                                      | 7           | 4,672                      | 10,056                     |
| Transfer to EDB after school care programme                       | 8           | (3,383)                    | -                          |
| Transfer to SWD reserve fund                                      | 9           | (14,728)                   | (12,384)                   |
| Transfer from SWD gateway subvention fund                         | 10          | 18,428                     | 37,755                     |
| Transfer to SWD programme assistant reserves                      | 11          | (491)                      | (607)                      |
| Transfer from SWD lump sum grant reserves                         | 12          | 8,786                      | 76,248                     |
| Transfer from SWD strengthening cleansing service reserves        | 13          | -                          | -                          |
| Transfer to Lotteries fund - Block grant                          | 14          | (6,160)                    | (7,735)                    |
| Transfer from Lotteries fund - Additional resources to small NGOs | 15          | 176,193                    | 12,884                     |
| Transfer from / (to) SWD Social Welfare Development Fund          | 16          | <u>13,492</u>              | <u>(164,891)</u>           |
|   |             | 196,809                    | (48,674)                   |
| Transfer from / (to) designated funds                             | 17          | <u>23,810</u>              | <u>(58,722)</u>            |
|   |             | <u>220,619</u>             | <u>(107,396)</u>           |
| <b>Surplus and total comprehensive income for the year</b>        |             | 353,534                    | 493,176                    |
| <b>Balance, being surplus, brought forward</b>                    |             | <u>4,440,732</u>           | <u>3,947,556</u>           |
| <b>Balance, being surplus, carried forward</b>                    |             | <u>4,794,266</u>           | <u>4,440,732</u>           |

The accompanying notes form part of the financial statements.

**LOK CHI ASSOCIATION LIMITED**

**BALANCE SHEET**

**AS AT 31ST MARCH, 2013**

|                             | <u>Note</u> | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|-----------------------------|-------------|----------------------------|----------------------------|
| <b>Non-current assets</b>   |             |                            |                            |
| Property, plant & equipment | 18          | <u>200,288</u>             | <u>235,227</u>             |
| <b>Current assets</b>       |             |                            |                            |
| Accounts receivable         |             | 36,078                     | 3,635                      |
| Utility deposit             |             | 4,100                      | 4,100                      |
| Prepayments                 |             | 22,841                     | 3,436                      |
| Fixed deposits              |             | -                          | 4,457,254                  |
| Cash & bank balances        |             | <u>7,751,860</u>           | <u>3,243,649</u>           |
|                             |             | <u>7,814,879</u>           | <u>7,712,074</u>           |
| <b>Current liabilities</b>  |             |                            |                            |
| Receipts in advance         |             | 30,720                     | 68,500                     |
| Deferred income             | 19          | 200,287                    | 235,226                    |
| Accruals                    |             | <u>72,929</u>              | <u>52,268</u>              |
|                             |             | <u>303,936</u>             | <u>355,994</u>             |
| <b>Net current assets</b>   |             | <u>7,510,943</u>           | <u>7,356,080</u>           |
| <b>Net assets</b>           |             | <u>7,711,231</u>           | <u>7,591,307</u>           |



LOK CHI ASSOCIATION LIMITED

BALANCE SHEET (Cont'd)

AS AT 31ST MARCH, 2013

|   | Note | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|---|------|----------------------------|----------------------------|
| <b>Reserve funds represented by:</b>                |      |                            |                            |
| General fund  |      | 4,794,266                  | 4,440,732                  |
| EDB subvention                                      | 7    | 6,733                      | 11,405                     |
| EDB after school care programme                     | 8    | 3,383                      | -                          |
| SWD reserve fund                                    | 9    | 14,728                     | 12,384                     |
| SWD gateway subvention fund                         | 10   | 1,150,063                  | 1,168,491                  |
| SWD programme assistant reserves                    | 11   | 491                        | 607                        |
| SWD lump sum grant reserves                         | 12   | 430,453                    | 439,239                    |
| SWD strengthening cleansing service reserves        | 13   | -                          | -                          |
| Lotteries fund - Block grant                        | 14   | 20,847                     | 14,687                     |
| Lotteries fund - Additional resources to small NGOs | 15   | -                          | 176,193                    |
| SWD Social Welfare Development Fund                 | 16   | 151,399                    | 164,891                    |
| Designated funds                                    | 17   | <u>1,138,868</u>           | <u>1,162,678</u>           |
|   |      | <u>7,711,231</u>           | <u>7,591,307</u>           |

The accompanying notes form part of the financial statements.

  
Chairperson

  
Honourary Treasurer

**LOK CHI ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN TOTAL FUNDS**

**FOR THE YEAR ENDED 31ST MARCH, 2013**

|                           | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|---------------------------|----------------------------|----------------------------|
| Total funds at 1st April  | 7,591,307                  | 7,014,346                  |
| Net movements in funds    | <u>119,924</u>             | <u>576,961</u>             |
| Total funds at 31st March | <u><u>7,711,231</u></u>    | <u><u>7,591,307</u></u>    |

**LOK CHI ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31ST MARCH, 2013**

|  | <u>Note</u> | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|-------------|----------------------------|----------------------------|
| <b>Cash flows generated from operating activities</b>          | 24          | <u>198,987</u>             | <u>908,857</u>             |
| <b>Cash flows from investing activities</b>                    |             |                            |                            |
| Bank interest received   |             | 1,234                      | 2,291                      |
| Purchase of property, plant & equipment                        |             | <u>(136,273)</u>           | <u>(183,641)</u>           |
| <b>Net cash used in investing activities</b>                   |             | <u>(135,039)</u>           | <u>(181,350)</u>           |
| <b>Cash flows from financing activities</b>                    |             |                            |                            |
| Refund of surplus of grants to EDB                             |             | -                          | (60)                       |
| Refund of surplus of grants to SWD                             |             | <u>(12,991)</u>            | <u>(23,551)</u>            |
| <b>Net cash used in financing activities</b>                   |             | <u>(12,991)</u>            | <u>(23,611)</u>            |
| <b>Net increase in cash &amp; cash equivalents</b>             |             | 50,957                     | 703,896                    |
| <b>Cash &amp; cash equivalents at beginning of year</b>        |             | <u>7,700,903</u>           | <u>6,997,007</u>           |
| <b>Cash &amp; cash equivalents at end of year</b>              |             | <u><u>7,751,860</u></u>    | <u><u>7,700,903</u></u>    |
| <b>Analysis of the balances of cash &amp; cash equivalents</b> |             |                            |                            |
| Fixed deposits   |             | -                          | 4,457,254                  |
| Cash & bank balances   |             | <u>7,751,860</u>           | <u>3,243,649</u>           |
|  |             | <u><u>7,751,860</u></u>    | <u><u>7,700,903</u></u>    |

The accompanying notes form part of the financial statements.

# **LOK CHI ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH, 2013**

### **1. General information**

Lok Chi Association Limited is a limited company incorporated in Hong Kong with limited liability by guarantee and not having a share capital. The Association's registered office is located at G/F., Tai Wo Hau Community Centre, 15 Tai Wo Hau Road, Kwai Chung, New Territories, Hong Kong. The Association is a charitable organisation and the principal activities for which the Association is established are to promote the welfare of the intellectually impaired and to support their families in this respect.

### **2. Status of the Association**

The Association is a non-profit making incorporated association. In the event of this association being wound up, any person being a member or within one year after he ceased to be a member should be required to contribute to the deficit of the Association for a sum not exceeding ten dollars in Hong Kong currency.

### **3. Statement of compliance with Hong Kong Financial Reporting Standards**

The Association's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 4.

The Association has not applied any new standard or interpretation that has been issued but not yet effective for the current accounting period.

### **4. Significant accounting policies**

#### **(a) Basis of preparation**

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The measurement basis used in the preparation of the financial statements is historical cost.

The financial statements are presented in Hong Kong dollars, the currency in which the majority of the Association's transactions are dominated.

**LOK CHI ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**YEAR ENDED 31ST MARCH, 2013**

**4. Significant accounting policies (Cont'd)**

(b) Property, plant & equipment

Property, plant & equipment are stated at cost less any accumulated depreciation and any impairment loss.

Depreciation is provided to write off the cost of property, plant & equipment over their estimated useful lives, on a straight-line basis at the following rates:

|   |                            |
|---|----------------------------|
| Leasehold improvement                   | Over unexpired lease terms |
| Furniture, fixtures and reference books | 20% per annum              |
| Computer equipment                      | 33.33% per annum           |

(c) Impairment of assets

Assets are reviewed for impairment at each balance sheet date of whether there is any indication that the carrying amount of any asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss representing the difference between the carrying amount and the recoverable amount, is recognised in the income and expenditure account. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from sale of an asset in an arm's length transaction less the cost of the disposal, while value in use is the present value of estimated future cash flow expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Reversal of an impairment loss of an asset recognised in prior years is recorded when there is an indication that the impairment loss recognised for the asset no longer exist or has decreased. The reversal is recorded in the income and expenditure account.

(d) Recognition of income

Grants, donations and subventions received from donors and government bodies for specific purposes are deferred and released to the income and expenditure account as income when these funds are expended on those specific purposes. Any unused funds are classified as funds within the funds employed section of the balance sheet.

Income from functions organized by the Association and membership fee income is recognized on accrual basis.

Bank interest income is recognized on effective interest method.

**LOK CHI ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**YEAR ENDED 31ST MARCH, 2013**

**4. Significant accounting policies (Cont'd)**

(e) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the income and expenditure on a straight-line basis over the lease periods.

(f) Retirement benefit costs

The Association's contributions to retirement schemes are expensed as incurred. The assets of the schemes are held separately from those of the Association in an independently administered fund.

(g) Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income and expenditure account over the expected useful life of the relevant asset by equal annual instalments.

(h) Cash & cash equivalents

Cash & cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, 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, having been within three months of maturity at acquisition.

**LOK CHI ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**YEAR ENDED 31ST MARCH, 2013**

**5. Income**

The Association is principally engaged in promoting the welfare of the intellectually impaired and supporting their families in this respect. Revenue recognized during the year are as follows:-

|   | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|---|----------------------------|----------------------------|
| Government grants and subventions                   | 2,185,613                  | 1,996,492                  |
| Grant from Lotteries fund - Block grant             | 21,847                     | 17,750                     |
| Lotteries fund - Additional resources to small NGOs | 148,100                    | 148,100                    |
| Lotteries fund - One-off subsidy                    | -                          | 32,800                     |
| Lotteries fund - Replacement of Member PC           | 37,999                     | 37,999                     |
| SWD Social Welfare Development Fund                 | 328,340                    | 205,550                    |
| Donations from the Community Chest of Hong Kong     | 976,660                    | 925,280                    |
| Donations   | 105,049                    | 125,452                    |
| Fund Raising project                                | 18,396                     | 48,869                     |
| Programme and membership fee income                 | 277,255                    | 186,845                    |
| Bank interest income                                | 1,234                      | 2,291                      |
| Sundry income                                       | -                          | 6                          |
|   | <u>4,100,493</u>           | <u>3,727,434</u>           |

**6. Operating surplus for the year**

|  | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Operating surplus for the year is arrived at after charging:       |                            |                            |
| Staff costs (including management committee member's remuneration) | 1,958,019                  | 1,788,014                  |
| Pension costs  | <u>123,137</u>             | <u>119,297</u>             |
|  | <u>2,081,156</u>           | <u>1,907,311</u>           |
| Audit fee - EDB adult education subvention                         | 2,800                      | 2,800                      |
| Audit fee  | 8,000                      | 8,000                      |
| Rental expenses in respect of land and buildings                   | 2                          | 2                          |
| Depreciation   | 171,115                    | 165,036                    |
| Loss on disposal of property, plant & equipment                    | <u>97</u>                  | <u>-</u>                   |
| and after crediting:   |                            |                            |
| Bank interest received   | <u>1,234</u>               | <u>2,291</u>               |

**LOK CHI ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**YEAR ENDED 31ST MARCH, 2013**

**7. EDB subvention**

|  | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Surplus brought forward from previous year | 11,405                     | 21,521                     |
| Transfer to income and expenditure account | (4,672)                    | (10,056)                   |
| Refund to EDB during the year              | -                          | (60)                       |
| Surplus carried forward                    | <u>6,733</u>               | <u>11,405</u>              |

**8. EDB after school care programme**

|  | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Surplus brought forward from previous year   | -                          | -                          |
| Transfer from income and expenditure account | 3,383                      | -                          |
| Surplus carried forward                      | <u>3,383</u>               | <u>-</u>                   |

**9. SWD reserve fund**

|  | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Surplus brought forward from previous year   | 12,384                     | 8,564                      |
| Transfer from income and expenditure account | 14,728                     | 12,384                     |
| Refund to SWD during the year                | (12,384)                   | (8,564)                    |
| Surplus carried forward                      | <u>14,728</u>              | <u>12,384</u>              |

**10. SWD gateway subvention fund**

|  | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Surplus brought forward from previous year | 1,168,491                  | 1,206,246                  |
| Transfer to income and expenditure account | (18,428)                   | (37,755)                   |
| Surplus carried forward                    | <u>1,150,063</u>           | <u>1,168,491</u>           |

**11. SWD programme assistant reserves**

|  | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Surplus brought forward from previous year   | 607                        | 11,967                     |
| Transfer from income and expenditure account | 491                        | 607                        |
| Refund to SWD during the year                | (607)                      | (11,967)                   |
| Surplus carried forward                      | <u>491</u>                 | <u>607</u>                 |



LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31ST MARCH, 2013

12. SWD lump sum grant reserves

|  | SWD lump<br>sum grant<br><u>HK\$</u> | Provident<br>fund reserve<br>- existing staff<br><u>HK\$</u> | Provident<br>fund reserve<br>- 6.8% and<br>other posts<br><u>HK\$</u> | <u>Total</u><br><u>HK\$</u> |
|--|--------------------------------------|--|---|-----------------------------|
| Balance as at 01.04.2012                               | 254,832                              | 4,654  | 179,753   | 439,239                     |
| Transfer (to) / from income and<br>expenditure account | <u>(43,881)</u>                      | <u>5,232</u>   | <u>29,863</u>   | <u>(8,786)</u>              |
| Balance as at 31.03.2013                               | <u>210,951</u>                       | <u>9,886</u>   | <u>209,616</u>  | <u>430,453</u>              |

|  | SWD lump<br>sum grant<br><u>HK\$</u> | Provident<br>fund reserve<br>- existing staff<br><u>HK\$</u> | Provident<br>fund reserve<br>- 6.8% and<br>other posts<br><u>HK\$</u> | <u>Total</u><br><u>HK\$</u> |
|--|--------------------------------------|--|---|-----------------------------|
| Balance as at 01.04.2011                               | 355,045                              | 14,335   | 146,107   | 515,487                     |
| Transfer (to) / from income and<br>expenditure account | <u>(100,213)</u>                     | <u>(9,681)</u>   | <u>33,646</u>   | <u>(76,248)</u>             |
| Balance as at 31.03.2012                               | <u>254,832</u>                       | <u>4,654</u>   | <u>179,753</u>  | <u>439,239</u>              |

13. SWD strengthening cleansing service reserves

|  | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Surplus brought forward from previous year | -                          | 3,020                      |
| Refund to SWD during the year              | -                          | <u>(3,020)</u>             |
| Surplus carried forward                    | <u>-</u>                   | <u>-</u>                   |

14. Lotteries fund - Block grant

|  | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Surplus brought forward from previous year   | 14,687                     | 6,952                      |
| Transfer from income and expenditure account | <u>6,160</u>               | <u>7,735</u>               |
| Surplus carried forward                      | <u>20,847</u>              | <u>14,687</u>              |

**LOK CHI ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**YEAR ENDED 31ST MARCH, 2013**

**14. Lotteries fund - Block grant (Cont'd)**

Movement of the Furniture and Equipment Replenishment and Minor Works Block Grant Reserve

|   | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|---|----------------------------|----------------------------|
| Balance of Block Grant Reserve brought forward from previous financial year | 14,687                     | 6,952                      |
| Add: Block Grant received during the year                                   | <u>24,000</u>              | <u>23,000</u>              |
|   | 38,687                     | 29,952                     |
| Less: Expenditure during the year (Note)- Furniture & Equipment             | <u>(17,840)</u>            | <u>(15,265)</u>            |
|   | 20,847                     | 14,687                     |
| Contribution from NGO to cover the deficit (if any)                         | <u>-</u>                   | <u>-</u>                   |
| Balance of Block Grant Reserve carried forward to the next financial year   | <u><u>20,847</u></u>       | <u><u>14,687</u></u>       |

**Capital Commitments**

As at 31st March 2013, the outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Block Grant were as follows -

|   | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|---|----------------------------|----------------------------|
| Contracted for but not provided in the financial statements | -                          | -                          |
| Authorised but not contracted for                           | <u>-</u>                   | <u>-</u>                   |
|   | <u><u>-</u></u>            | <u><u>-</u></u>            |

Note :

Expenditure charged to Block Grant during the year should be full expenditure amount, i.e. the actual expenditure incurred in 2012-13.

**LOK CHI ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**YEAR ENDED 31ST MARCH, 2013**

**15. Lotteries fund - Additional resources to small NGOs**

|  | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Surplus brought forward from previous year | 176,193                    | 189,077                    |
| Transfer to income and expenditure account | <u>(176,193)</u>           | <u>(12,884)</u>            |
| Surplus carried forward                    | <u><u>-</u></u>            | <u><u>176,193</u></u>      |

**16. SWD Social Welfare Development Fund**

|   | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|---|----------------------------|----------------------------|
| Surplus brought forward from previous year          | 164,891                    | -                          |
| Transfer (to) / from income and expenditure account | <u>(13,492)</u>            | <u>164,891</u>             |
| Surplus carried forward                             | <u><u>151,399</u></u>      | <u><u>164,891</u></u>      |

**17. Designated funds**

|   | <u>Fun day</u><br><u>fund</u><br><u>HK\$</u> | <u>Scout</u><br><u>fund</u><br><u>HK\$</u> | <u>Friends of</u><br><u>Lok Chi fund</u><br><u>HK\$</u> | <u>Development</u><br><u>fund</u><br><u>HK\$</u> | <u>Total</u><br><u>HK\$</u> |
|---|--|--|---|--|-----------------------------|
| Balance as at 01.04.2012                                  | 766  | 9,552                                      | 56,700  | 1,095,660  | 1,162,678                   |
| Transfer (to) / from<br>income and expenditure<br>account | <u>-</u>                                     | <u>318</u>                                 | <u>(1,948)</u>  | <u>(22,180)</u>                                  | <u>(23,810)</u>             |
| Balance as at 31.03.2013                                  | <u><u>766</u></u>                            | <u><u>9,870</u></u>                        | <u><u>54,752</u></u>                                    | <u><u>1,073,480</u></u>                          | <u><u>1,138,868</u></u>     |

|   | <u>Fun day</u><br><u>fund</u><br><u>HK\$</u> | <u>Scout</u><br><u>fund</u><br><u>HK\$</u> | <u>Friends of</u><br><u>Lok Chi fund</u><br><u>HK\$</u> | <u>Development</u><br><u>fund</u><br><u>HK\$</u> | <u>Total</u><br><u>HK\$</u> |
|---|--|--|---|--|-----------------------------|
| Balance as at 01.04.2011                                  | 766  | 12,163                                     | 35,920  | 1,055,107  | 1,103,956                   |
| Transfer (to) / from<br>income and expenditure<br>account | <u>-</u>                                     | <u>(2,611)</u>                             | <u>20,780</u>   | <u>40,553</u>                                    | <u>58,722</u>               |
| Balance as at 31.03.2012                                  | <u><u>766</u></u>                            | <u><u>9,552</u></u>                        | <u><u>56,700</u></u>                                    | <u><u>1,095,660</u></u>                          | <u><u>1,162,678</u></u>     |

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31ST MARCH, 2013

18. Property, plant & equipment

|                                 | <u>Leasehold<br/>improvement</u><br><u>HK\$</u> | <u>Furniture,<br/>fixtures and<br/>reference books</u><br><u>HK\$</u> | <u>Computer<br/>equipment</u><br><u>HK\$</u> | <u>Total</u><br><u>HK\$</u> |
|---------------------------------|---|---|--|-----------------------------|
| <u>At cost</u>                  |   |   |  |                             |
| As at 01.04.2012                | 47,820  | 714,415   | 356,083                                      | 1,118,318                   |
| Additions                       | 900   | 28,715  | 106,658                                      | 136,273                     |
| Disposals                       | -   | (4,142)   | (12,268)                                     | (16,410)                    |
| As at 31.03.2013                | <u>48,720</u>                                   | <u>738,988</u>  | <u>450,473</u>                               | <u>1,238,181</u>            |
| <u>Accumulated depreciation</u> |   |   |  |                             |
| As at 01.04.2012                | 28,692  | 623,043   | 231,356                                      | 883,091                     |
| Charge for the year             | 4,872   | 49,665  | 116,578                                      | 171,115                     |
| Written back on disposals       | -   | (4,045)   | (12,268)                                     | (16,313)                    |
| As at 31.03.2013                | <u>33,564</u>                                   | <u>668,663</u>  | <u>335,666</u>                               | <u>1,037,893</u>            |
| <u>Net book value</u>           |   |   |  |                             |
| As at 31.03.2013                | <u>15,156</u>                                   | <u>70,325</u>   | <u>114,807</u>                               | <u>200,288</u>              |
| As at 31.03.2012                | <u>19,128</u>                                   | <u>91,372</u>   | <u>124,727</u>                               | <u>235,227</u>              |
| <u>At cost</u>                  |   |   |  |                             |
| As at 01.04.2011                | 47,820  | 667,899   | 299,088                                      | 1,014,807                   |
| Additions                       | -   | 50,496  | 133,145                                      | 183,641                     |
| Disposals                       | -   | (3,980)   | (76,150)                                     | (80,130)                    |
| As at 31.03.2012                | <u>47,820</u>                                   | <u>714,415</u>  | <u>356,083</u>                               | <u>1,118,318</u>            |
| <u>Accumulated depreciation</u> |   |   |  |                             |
| As at 01.04.2011                | 23,910  | 582,640   | 191,635                                      | 798,185                     |
| Charge for the year             | 4,782   | 44,383  | 115,871                                      | 165,036                     |
| Written back on disposals       | -   | (3,980)   | (76,150)                                     | (80,130)                    |
| As at 31.03.2012                | <u>28,692</u>                                   | <u>623,043</u>  | <u>231,356</u>                               | <u>883,091</u>              |
| <u>Net book value</u>           |   |   |  |                             |
| As at 31.03.2012                | <u>19,128</u>                                   | <u>91,372</u>   | <u>124,727</u>                               | <u>235,227</u>              |
| As at 31.03.2011                | <u>23,910</u>                                   | <u>85,259</u>   | <u>107,453</u>                               | <u>216,622</u>              |

**LOK CHI ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**YEAR ENDED 31ST MARCH, 2013**

**19. Deferred income**

Block grant and part of EDB subvention received from the Government of the Hong Kong Special Administrative Region are recorded as deferred income and are released to the income and expenditure account as the related expenditure are incurred.

**20. Taxation**

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

**21. Management committee members' remuneration**

Pursuant to Section 161 of the Companies Ordinance, management committee members' remuneration is disclosed as follows:

|                         | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|-------------------------|----------------------------|----------------------------|
| Fees & other emoluments | -                          | -                          |

**22. Commitments under operating leases**

As at 31st March, 2013 the Association had the following future minimum lease payments under non-cancellable operating leases for the following periods:-

|  | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Land and buildings:<br>Within one year | 2                          | 2                          |

**23. Staff provident fund**

The staff provident fund is managed by AXA China Region Trustees Limited and AXA China Region Insurance Company Limited, the balance of which has not been dealt with in these financial statements.

**LOK CHI ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**YEAR ENDED 31ST MARCH, 2013**

**24. Note to the statement of cash flows**

Reconciliation of surplus to cash generated from operating activities:

|   | <u>2013</u><br><u>HK\$</u> | <u>2012</u><br><u>HK\$</u> |
|---|----------------------------|----------------------------|
| Operating surplus for the year                    | 132,915                    | 600,572                    |
| Adjustment for:                                   |                            |                            |
| Depreciation                                      | 171,115                    | 165,036                    |
| Loss on disposal of property, plant & equipment   | 97                         | -                          |
| Bank interest received                            | <u>(1,234)</u>             | <u>(2,291)</u>             |
| Operating surplus before working capital changes: | 302,893                    | 763,317                    |
| (Increase) / decrease in accounts receivable      | (32,443)                   | 58,145                     |
| (Increase) / decrease in prepayments              | (19,405)                   | 624                        |
| (Decrease) / increase in receipts in advance      | (37,780)                   | 47,910                     |
| (Decrease) / increase in deferred income          | (34,939)                   | 18,604                     |
| Increase in accruals                              | <u>20,661</u>              | <u>20,257</u>              |
| Net cash generated from operating activities      | <u><u>198,987</u></u>      | <u><u>908,857</u></u>      |

**25. Financial risk management**

Financial assets of the Association mainly include accounts receivable, prepayments and cash & bank balances. Financial liabilities of the Association mainly include receipts in advance, deferred income and accruals.

The management committee members considered that the carrying amounts of the Association's financial instruments approximated their fair values as at the balance sheet date. Fair value estimates are made at a specific point in time and based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainty and matters of significant judgment and therefore cannot be determined with precision. Changes in assumption could significantly affect the estimates.

**LOK CHI ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**YEAR ENDED 31ST MARCH, 2013**

**25. Financial risk management (Cont'd)**

The Association is exposed to various kinds of risks in its operations and financial instruments. These risks are limited by the Association's financial management policies and practices described below:

(a) Credit risk

The Association has placed its cash and bank balances and fixed deposits with reputable banks in Hong Kong.

(b) Liquidity risk

The Association's liquidity risk is minimised by maintaining sufficient cash and liquid assets and the availability of funding through an adequate amount of funds.

**26. Hong Kong Financial Reporting Standards issued but not yet effective for the year**

HKFRSs that have been issued but are not yet effective for the year include the following which may be relevant to the Association's operations and financial statements:

|                |                        | <u>Effective for annual periods<br/>beginning on or after</u> |
|----------------|------------------------|---|
| HKFRS 13       | Fair value measurement | 1 January 2013  |
| HKAS 19 (2011) | Employee benefits      | 1 January 2013  |

The Association has not early adopted these HKFRSs. The management committee members anticipate that the adoption of these HKFRSs will not have a significant impact on the results and financial position of the Association. The Association will be continuing with the assessment of what the impact of these HKFRSs is expected to be in the period of initial application.

**27. Approval of financial statements**

The financial statements were approved by the Members of the Management Committee on 31 OCT 2013