

LOK CHI ASSOCIATION LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2014

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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, 2014.

Financial statements

The state of the Association's affairs as at 31st March, 2014 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 22.

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 8 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. Kwok Man Yee, Wandy
Ms. Wong Mei Yee (resigned on 18th January, 2014)
Ms. Ko Kit Mui
Dr. Wong Chung Hin, Willy
Ms. Leung Pik Han, Alice
Ms. Wong Oi King
Ms. Yeung Mee Ling

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 : 28 OCT 2014

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 22, which comprise the balance sheet as at 31st March, 2014, 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, 2014, and of its deficits 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 : 28 OCT 2014

Chu Wai Yin

Practising certificate number : P03995

LOK CHI ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31ST MARCH, 2014

	Note	<u>2014</u> HK\$	<u>2013</u> HK\$
Income	6	3,871,570	4,100,493
Administrative and operating expenditure		<u>(4,071,288)</u>	<u>(3,967,578)</u>
Operating (deficits) / surplus	7	<u>(199,718)</u>	<u>132,915</u>
Fund appropriation			
Transfer (to) / from LWB subvention	8	(7,189)	4,672
Transfer from / (to) EDB after school care programme	9	6,683	(3,383)
Transfer to SWD reserve fund	10	(5,875)	(14,728)
Transfer from SWD gateway subvention fund	11	218,011	18,428
Transfer to SWD programme assistant reserves	12	(523)	(491)
Transfer (to) / from SWD lump sum grant reserves	13	(141,459)	8,786
Transfer to Lotteries fund - Block grant	14	(25,000)	(6,160)
Transfer from Lotteries fund - Additional resources to small NGOs	15	-	176,193
Transfer (to) / from SWD Social Welfare Development Fund	16	<u>(61,739)</u>	<u>13,492</u>
		(17,091)	196,809
Transfer (to) / from designated funds	17	<u>(74,373)</u>	<u>23,810</u>
		<u>(91,464)</u>	<u>220,619</u>
(Deficits) / surplus and total comprehensive income for the year		(291,182)	353,534
Balance, being surplus, brought forward		<u>4,794,266</u>	<u>4,440,732</u>
Balance, being surplus, carried forward		<u><u>4,503,084</u></u>	<u><u>4,794,266</u></u>

The accompanying notes form part of the financial statements.

LOK CHI ASSOCIATION LIMITED**BALANCE SHEET**

AS AT 31ST MARCH, 2014

	<u>Note</u>	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Non-current assets			
Property, plant & equipment	18	<u>94,101</u>	<u>200,288</u>
Current assets			
Accounts receivable		21,483	36,078
Utility deposit		4,100	4,100
Prepayments		56,856	22,841
Cash & bank balances		<u>7,551,297</u>	<u>7,751,860</u>
		<u>7,633,736</u>	<u>7,814,879</u>
Current liabilities			
Receipts in advance		70,213	30,720
Deferred income	19	94,100	200,287
Accruals		<u>52,531</u>	<u>72,929</u>
		<u>216,844</u>	<u>303,936</u>
Net current assets		<u>7,416,892</u>	<u>7,510,943</u>
Net assets		<u>7,510,993</u>	<u>7,711,231</u>

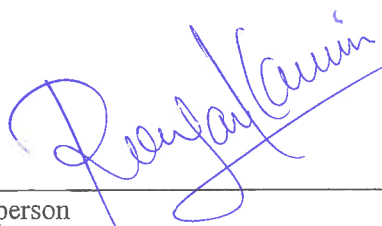
LOK CHI ASSOCIATION LIMITED

BALANCE SHEET (Cont'd)

AS AT 31ST MARCH, 2014

	Note	2014 HK\$	2013 HK\$
Reserve funds represented by:			
General fund		4,503,084	4,794,266
LWB subvention	8	13,402	6,733
EDB after school care programme	9	(3,300)	3,383
SWD reserve fund	10	20,603	14,728
SWD gateway subvention fund	11	932,052	1,150,063
SWD programme assistant reserves	12	1,014	491
SWD lump sum grant reserves	13	571,912	430,453
Lotteries fund - Block grant	14	45,847	20,847
Lotteries fund - Additional resources to small NGOs	15	-	-
SWD Social Welfare Development Fund	16	213,138	151,399
Designated funds	17	1,213,241	1,138,868
		<u>7,510,993</u>	<u>7,711,231</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, 2014

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Total funds at 1st April	7,711,231	7,591,307
Net movements in funds	<u>(200,238)</u>	<u>119,924</u>
Total funds at 31st March	<u><u>7,510,993</u></u>	<u><u>7,711,231</u></u>

LOK CHI ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2014

	<u>Note</u>	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Cash flows (used in) / generated from operating activities	24	<u>(194,552)</u>	<u>198,987</u>
Cash flows from investing activities			
Bank interest received		157	1,234
Purchase of property, plant & equipment		<u>(5,648)</u>	<u>(136,273)</u>
Net cash used in investing activities		<u>(5,491)</u>	<u>(135,039)</u>
Cash flows from financing activities			
Refund of surplus of grants to LWB		(520)	-
Refund of surplus of grants to SWD		<u>-</u>	<u>(12,991)</u>
Net cash used in financing activities		<u>(520)</u>	<u>(12,991)</u>
Net (decrease) / increase in cash & cash equivalents		(200,563)	50,957
Cash & cash equivalents at beginning of year		<u>7,751,860</u>	<u>7,700,903</u>
Cash & cash equivalents at end of year		<u><u>7,551,297</u></u>	<u><u>7,751,860</u></u>
Analysis of the balances of cash & cash equivalents			
Cash & bank balances		<u><u>7,551,297</u></u>	<u><u>7,751,860</u></u>

The accompanying notes form part of the financial statements.

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH, 2014

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 5.

In the current year, the Company has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1st April, 2013. A summary of the changes in accounting policies resulting from the Company's application of these HKFRSs 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. Changes in accounting policies

In the current year, the Company has initially applied the following new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1st April, 2013:

Amendments to HKAS 1 - Presentation of items of other comprehensive income	
HKFRS 13	Fair value measurement
HKAS 19 (2011)	Employee benefits
Annual improvements to HKFRSs 2009 - 2011 cycle	

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these financial statements and / or disclosure set out in these financial statements.

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31ST MARCH, 2014

4. Changes in accounting policies (Cont'd)

Amendments to HKAS 1 - Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The adoption of amendments to HKAS 1 does not result in a material change in the Association's accounting policies.

HKFRS 13 Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Association's assets and liabilities.

HKAS 19 (2011) Employee benefits

HKAS 19 (2011) introduces a number of amendments to the accounting for defined benefit plans. Among them, HKAS 19 (2011) eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. HKAS 19 (2011) also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not. The adoption of HKAS 19 (2011) does not have a material financial impact on the Association.

Annual improvements to HKFRSs 2009 - 2011 cycle

Annual improvements to HKFRSs 2009 - 2011 cycle are a collection of minor amendments to various accounting standards and do not have a material financial impact on the Association.

5. 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, 2014

5. 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, 2014

5. 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, 2014

6. 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>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Government grants and subventions	2,264,545	2,185,613
Grant from Lotteries fund - Block grant	38,303	21,847
Lotteries fund - Additional resources to small NGOs	-	148,100
Lotteries fund - Replacement of Member PC	676	37,999
SWD Social Welfare Development Fund	177,117	328,340
Donations from the Community Chest of Hong Kong	917,260	976,660
Donations	59,902	105,049
Fund Raising project	79,215	18,396
Programme and membership fee income	334,395	277,255
Bank interest income	157	1,234
	<u>3,871,570</u>	<u>4,100,493</u>

7. Operating (deficits) / surplus for the year

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Operating (deficits) / surplus for the year is arrived at after charging:		
Staff costs (including management committee member's remuneration)	2,614,077	1,958,019
Pension costs	<u>147,748</u>	<u>123,137</u>
	<u>2,761,825</u>	<u>2,081,156</u>
Audit fee - EDB adult education subvention	3,000	2,800
Audit fee	12,000	8,000
Rental expenses in respect of land and buildings	2	2
Depreciation	111,835	171,115
Loss on disposal of property, plant & equipment	<u>-</u>	<u>97</u>
and after crediting:		
Bank interest received	<u>157</u>	<u>1,234</u>

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31ST MARCH, 2014

8. LWB subvention

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Surplus brought forward from previous year	6,733	11,405
Transfer from / (to) income and expenditure account	7,189	(4,672)
Refund to LWB during the year	(520)	-
Surplus carried forward	<u>13,402</u>	<u>6,733</u>

9. EDB after school care programme

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Surplus brought forward from previous year	3,383	-
Transfer (to) / from income and expenditure account	(6,683)	3,383
(Deficits) / surplus carried forward	<u>(3,300)</u>	<u>3,383</u>

10. SWD reserve fund

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Surplus brought forward from previous year	14,728	12,384
Transfer from income and expenditure account	5,875	14,728
Refund to SWD during the year	-	(12,384)
Surplus carried forward	<u>20,603</u>	<u>14,728</u>

11. SWD gateway subvention fund

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Surplus brought forward from previous year	1,150,063	1,168,491
Transfer to income and expenditure account	(218,011)	(18,428)
Surplus carried forward	<u>932,052</u>	<u>1,150,063</u>

12. SWD programme assistant reserves

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Surplus brought forward from previous year	491	607
Transfer from income and expenditure account	523	491
Refund to SWD during the year	-	(607)
Surplus carried forward	<u>1,014</u>	<u>491</u>

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31ST MARCH, 2014

13. SWD lump sum grant reserves

	SWD lump sum grant <u>HK\$</u>	Provident fund reserve - existing staff <u>HK\$</u>	Provident fund reserve - 6.8% and other posts <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Balance as at 01.04.2013	210,951	9,886	209,616	430,453
Transfer from / (to) income and expenditure account	<u>107,884</u>	<u>(7,286)</u>	<u>40,861</u>	<u>141,459</u>
Balance as at 31.03.2014	<u><u>318,835</u></u>	<u><u>2,600</u></u>	<u><u>250,477</u></u>	<u><u>571,912</u></u>

	SWD lump sum grant <u>HK\$</u>	Provident fund reserve - existing staff <u>HK\$</u>	Provident fund reserve - 6.8% and other posts <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Balance as at 01.04.2012	254,832	4,654	179,753	439,239
Transfer (to) / from income and 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><u>210,951</u></u>	<u><u>9,886</u></u>	<u><u>209,616</u></u>	<u><u>430,453</u></u>

14. Lotteries fund - Block grant

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Surplus brought forward from previous year	20,847	14,687
Transfer from income and expenditure account	<u>25,000</u>	<u>6,160</u>
Surplus carried forward	<u><u>45,847</u></u>	<u><u>20,847</u></u>

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31ST MARCH, 2014

14 Lotteries fund - Block grant (Cont'd)

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

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Balance of Block Grant Reserve brought forward from previous financial year	20,847	14,687
Add: Block Grant received during the year	<u>25,000</u>	<u>24,000</u>
	45,847	38,687
Less: Expenditure during the year (Note)- Furniture & Equipment	<u>-</u>	<u>(17,840)</u>
	45,847	20,847
Contribution from NGO to cover the deficit (if any)	<u>-</u>	<u>-</u>
Balance of Block Grant Reserve carried forward to next financial year	<u><u>45,847</u></u>	<u><u>20,847</u></u>

Capital Commitments

As at 31st March 2014, the outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Block Grant were as follows -

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <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 2013-14.

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31ST MARCH, 2014

15. Lotteries fund - Additional resources to small NGOs

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Surplus brought forward from previous year	-	176,193
Transfer to income and expenditure account	-	(176,193)
Surplus carried forward	<u>-</u>	<u>-</u>

16. SWD Social Welfare Development Fund

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Surplus brought forward from previous year	151,399	164,891
Transfer from / (to) income and expenditure account	61,739	(13,492)
Surplus carried forward	<u>213,138</u>	<u>151,399</u>

17. Designated funds

	<u>Fun day</u> <u>fund</u> <u>HK\$</u>	<u>Scout</u> <u>fund</u> <u>HK\$</u>	<u>Friends of</u> <u>Lok Chi fund</u> <u>HK\$</u>	<u>Development</u> <u>fund</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Balance as at 01.04.2013	766	9,870	54,752	1,073,480	1,138,868
Transfer (to) / from income and expenditure account	<u>-</u>	<u>(190)</u>	<u>(11,740)</u>	<u>86,303</u>	<u>74,373</u>

Balance as at 31.03.2014	<u>766</u>	<u>9,680</u>	<u>43,012</u>	<u>1,159,783</u>	<u>1,213,241</u>
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	<u>Fun day</u> <u>fund</u> <u>HK\$</u>	<u>Scout</u> <u>fund</u> <u>HK\$</u>	<u>Friends of</u> <u>Lok Chi fund</u> <u>HK\$</u>	<u>Development</u> <u>fund</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Balance as at 01.04.2012	766	9,552	56,700	1,095,660	1,162,678
Transfer (to) / from income and expenditure 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>766</u>	<u>9,870</u>	<u>54,752</u>	<u>1,073,480</u>	<u>1,138,868</u>

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31ST MARCH, 2014

18. Property, plant & equipment

	<u>Leasehold improvement</u> <u>HK\$</u>	<u>Furniture, fixtures and reference books</u> <u>HK\$</u>	<u>Computer equipment</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
<u>At cost</u>				
As at 01.04.2013	48,720	738,988	450,473	1,238,181
Additions	-	5,648	-	5,648
Disposals	-	(6,198)	-	(6,198)
As at 31.03.2014	<u>48,720</u>	<u>738,438</u>	<u>450,473</u>	<u>1,237,631</u>
<u>Accumulated depreciation</u>				
As at 01.04.2013	33,564	668,663	335,666	1,037,893
Charge for the year	4,872	27,709	79,254	111,835
Written back on disposals	-	(6,198)	-	(6,198)
As at 31.03.2014	<u>38,436</u>	<u>690,174</u>	<u>414,920</u>	<u>1,143,530</u>
<u>Net book value</u>				
As at 31.03.2014	<u>10,284</u>	<u>48,264</u>	<u>35,553</u>	<u>94,101</u>
As at 31.03.2013	<u>15,156</u>	<u>70,325</u>	<u>114,807</u>	<u>200,288</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>

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31ST MARCH, 2014

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>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Fees & other emoluments	-	-

22. Commitments under operating leases

As at 31st March, 2014 the Association had the following future minimum lease payments under non-cancellable operating leases for the following periods:-

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Land and buildings: 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, 2014

24. Note to the statement of cash flows

Reconciliation of (deficits) / surplus to cash (used in) / generated from operating activities:

	<u>2014</u>	<u>2013</u>
	<u>HK\$</u>	<u>HK\$</u>
Operating (deficits) / surplus for the year	(199,718)	132,915
Adjustment for:		
Depreciation	111,835	171,115
Loss on disposal of property, plant & equipment	-	97
Bank interest received	(157)	(1,234)
Operating (deficits) / surplus before working capital changes:	(88,040)	302,893
Decrease / (increase) in accounts receivable	14,595	(32,443)
Increase in prepayments	(34,015)	(19,405)
Increase / (decrease) in receipts in advance	39,493	(37,780)
Decrease in deferred income	(106,187)	(34,939)
(Decrease) / increase in accruals	(20,398)	20,661
Net cash (used in) / generated from operating activities	<u>(194,552)</u>	<u>198,987</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, 2014

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 beginning on or after</u>
Annual improvements to HKFRSs 2010 - 2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011 - 2013 cycle	1 July 2014

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 28 OCT 2014