

LOK CHI ASSOCIATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2015



Yuen & Chu CPA Limited

Certified Public Accountants

LOK CHI ASSOCIATION LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2015

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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 31 March, 2015.

Financial statements

The state of the Association's affairs as at 31 March, 2015 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 and equipment

Details of movements in property, plant and equipment during the year are set out in note 17 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 16 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:

Ms. Tsang Chi Hung	(Chairperson)
Ms. Kwan Chui Kuen	(Vice-Chairperson)
Ms. Leung Pik Han, Alice	(Vice-Chairperson)
Ms. Luk Yim Ling	(Honorary Treasurer)
Ms. Wong Chee Mun	(Honorary Secretary)

Others:

Ms. Ko Kit Mui	
Dr. Chiu Ching Tak Lan, Rosa	
Dr. Chung Po Yee	
Ms. Cheung Hang Mui	
Ms. Kwok Man Yee, Wandy	
Ms. Wong Oi King	
Dr. Wong Chung Hin, Willy	
Ms. Yeung Mee Ling	
Mr. Tong Chi Leung	(appointed on 17 January, 2015)
Mr. Lai Ross	(resigned on 9 December, 2014)

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.

LOK CHI ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (Cont'd)

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.

Permitted indemnity provision

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more members of the Management Committee of the Association.

Management contract

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

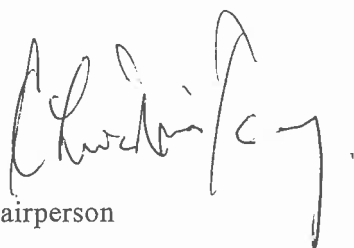
Business review

The Association falls within reporting exemption for the financial year. Accordingly, the Association is exempted from preparing a business review.

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 : 08 DEC 2015

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 statement of financial position as at 31 March, 2015, 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 405 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 31 March, 2015, 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 : 08 DEC 2015

Chu Wai Yin

Practising certificate number : P03995

LOK CHI ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH, 2015

	<u>Note</u>	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Revenue	5	4,469,197	3,871,570
Administrative and operating expenditure		<u>(4,214,426)</u>	<u>(4,071,288)</u>
Operating surplus / (deficits)	6	<u>254,771</u>	<u>(199,718)</u>
Fund appropriation			
Transfer from / (to) LWB subvention	8	6,823	(7,189)
Transfer (to) / from EDB after school care programme	9	(3,300)	6,683
Transfer from / (to) SWD reserve fund	10	2,244	(5,875)
Transfer from SWD gateway subvention fund	11	196,125	218,011
Transfer to SWD programme assistant reserves	12	(351)	(523)
Transfer to SWD lump sum grant reserves	13	(206,329)	(141,459)
Transfer to Lotteries fund - Block grant	14	(14,347)	(25,000)
Transfer to SWD Social Welfare Development Fund	15	<u>(179,490)</u>	<u>(61,739)</u>
		(198,625)	(17,091)
Transfer to designated funds	16	<u>(19,368)</u>	<u>(74,373)</u>
		<u>(217,993)</u>	<u>(91,464)</u>
Surplus / (deficits) and total comprehensive income / (expenditure) for the year		36,778	(291,182)
Balance, being surplus, brought forward		<u>4,503,084</u>	<u>4,794,266</u>
Balance, being surplus, carried forward		<u>4,539,862</u>	<u>4,503,084</u>

The accompanying notes form part of the financial statements.

LOK CHI ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH, 2015

	<u>Note</u>	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Non-current assets			
Property, plant and equipment	17	<u>44,049</u>	<u>94,101</u>
Current assets			
Accounts receivable		21,668	21,483
Utility deposit		4,100	4,100
Prepayments and sundry debtors		87,120	56,856
Cash and bank balances		<u>7,775,728</u>	<u>7,551,297</u>
		<u>7,888,616</u>	<u>7,633,736</u>
Current liabilities			
Receipts in advance		35,650	70,213
Deferred income	18	83,048	94,100
Accruals		<u>49,003</u>	<u>52,531</u>
		<u>167,701</u>	<u>216,844</u>
Net current assets		<u>7,720,915</u>	<u>7,416,892</u>
Net assets		<u>7,764,964</u>	<u>7,510,993</u>

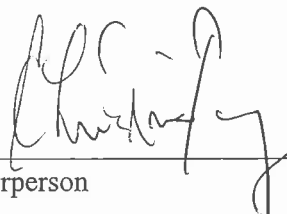
LOK CHI ASSOCIATION LIMITED

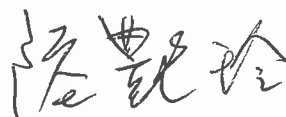
STATEMENT OF FINANCIAL POSITION (Cont'd)

AS AT 31 MARCH, 2015

	Note	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Reserve funds represented by:			
General fund	7	4,539,862	4,503,084
LWB subvention	8	5,779	13,402
EDB after school care programme	9	-	(3,300)
SWD reserve fund	10	18,359	20,603
SWD gateway subvention fund	11	735,927	932,052
SWD programme assistant reserves	12	1,365	1,014
SWD lump sum grant reserves	13	778,241	571,912
Lotteries fund - Block grant	14	60,194	45,847
SWD Social Welfare Development Fund	15	392,628	213,138
Designated funds	16	<u>1,232,609</u>	<u>1,213,241</u>
		<u>7,764,964</u>	<u>7,510,993</u>

The accompanying notes form part of the financial statements.


Chairperson


Honorary Treasurer

LOK CHI ASSOCIATION LIMITED
STATEMENT OF CHANGES IN TOTAL FUNDS
FOR THE YEAR ENDED 31 MARCH, 2015

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Total funds at 1 April	7,510,993	7,711,231
Net movements in funds	<u>253,971</u>	<u>(200,238)</u>
Total funds at 31 March	<u><u>7,764,964</u></u>	<u><u>7,510,993</u></u>

LOK CHI ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH, 2015

	<u>Note</u>	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Cash flows generated from / (used in) operating activities	23	<u>242,028</u>	<u>(194,552)</u>
Cash flows from investing activities			
Bank interest received		156	157
Purchase of property, plant and equipment		<u>(16,953)</u>	<u>(5,648)</u>
Net cash used in investing activities		<u>(16,797)</u>	<u>(5,491)</u>
Cash flows from financing activities			
Refund of surplus of grants to LWB		<u>(800)</u>	<u>(520)</u>
Net cash used in financing activities		<u>(800)</u>	<u>(520)</u>
Net increase / (decrease) in cash and cash equivalents		224,431	(200,563)
Cash and cash equivalents at beginning of year		<u>7,551,297</u>	<u>7,751,860</u>
Cash and cash equivalents at end of year		<u><u>7,775,728</u></u>	<u><u>7,551,297</u></u>
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		<u><u>7,775,728</u></u>	<u><u>7,551,297</u></u>

The accompanying notes form part of the financial statements.

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH, 2015

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 31 MARCH, 2015

4. Significant accounting policies (Cont'd)

(b) Property, plant and equipment

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

Depreciation is provided to write off the cost of property, plant and 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 revenue

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 recognised on accrual basis.

Bank interest income is recognised on effective interest method.

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31 MARCH, 2015

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 recognised 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 recognised 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 and cash equivalents

Cash and 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 31 MARCH, 2015

5. Revenue

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

	<u>2015</u>	<u>2014</u>
	<u>HK\$</u>	<u>HK\$</u>
Government grants and subventions	2,560,439	2,264,545
Grant from Lotteries fund - Block grant	28,730	38,303
Lotteries fund - Replacement of Member PC	676	676
SWD Social Welfare Development Fund	332,750	177,117
Donations from the Community Chest of Hong Kong	944,660	917,260
Donations	266,859	59,902
Fund Raising project	-	79,215
Programme and membership fee income	334,927	334,395
Bank interest income	156	157
	<u>4,469,197</u>	<u>3,871,570</u>

6. Operating surplus / (deficits) for the year

	<u>2015</u>	<u>2014</u>
	<u>HK\$</u>	<u>HK\$</u>
Operating surplus / (deficits) for the year is arrived at after charging:		
Staff costs (including Management Committee members' remuneration)	2,754,372	2,614,077
Pension costs	<u>158,254</u>	<u>147,748</u>
	<u>2,912,626</u>	<u>2,761,825</u>
Audit fee - LWB adult education subvention	3,000	3,000
Audit fee	12,000	12,000
Rental expenses in respect of land and buildings	2	2
Depreciation	<u>67,005</u>	<u>111,835</u>

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31 MARCH, 2015

7. General fund

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Surplus brought forward from previous year	4,503,084	4,794,266
Transfer to income and expenditure account	(60,146)	(291,182)
Transfer to EDB after school care programme	(300)	-
Transfer from SWD Social Welfare Development Fund	97,224	-
	<u>4,539,862</u>	<u>4,503,084</u>

8. LWB subvention

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Surplus brought forward from previous year	13,402	6,733
Transfer (to) / from income and expenditure account	(6,823)	7,189
Refund to LWB during the year	(800)	(520)
	<u>5,779</u>	<u>13,402</u>

9. EDB after school care programme

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Surplus brought forward from previous year	(3,300)	3,383
Transfer from / (to) income and expenditure account	3,000	(6,683)
Transfer from general fund	300	-
	<u>-</u>	<u>(3,300)</u>

10. SWD reserve fund

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Surplus brought forward from previous year	20,603	14,728
Transfer (to) / from income and expenditure account	(2,244)	5,875
Refund to SWD during the year	-	-
	<u>18,359</u>	<u>20,603</u>

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31 MARCH, 2015

11. SWD gateway subvention fund

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Surplus brought forward from previous year	932,052	1,150,063
Transfer to income and expenditure account	<u>(196,125)</u>	<u>(218,011)</u>
Surplus carried forward	<u><u>735,927</u></u>	<u><u>932,052</u></u>

12. SWD programme assistant reserves

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Surplus brought forward from previous year	1,014	491
Transfer from income and expenditure account	<u>351</u>	<u>523</u>
Surplus carried forward	<u><u>1,365</u></u>	<u><u>1,014</u></u>

13. SWD lump sum grant reserves

	<u>SWD lump sum grant</u> <u>HK\$</u>	<u>Provident fund reserve - existing staff</u> <u>HK\$</u>	<u>Provident fund reserve - 6.8% and other posts</u> <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	318,835	2,600	250,477	571,912
Transfer from income and expenditure account	<u>156,558</u>	<u>-</u>	<u>49,771</u>	<u>206,329</u>
Balance as at 31.03.2015	<u><u>475,393</u></u>	<u><u>2,600</u></u>	<u><u>300,248</u></u>	<u><u>778,241</u></u>

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31 MARCH, 2015

14 Lotteries fund - Block grant

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Surplus brought forward from previous year	45,847	20,847
Transfer from income and expenditure account	<u>14,347</u>	<u>25,000</u>
Surplus carried forward	<u><u>60,194</u></u>	<u><u>45,847</u></u>

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

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Balance of Block Grant Reserve brought forward from previous financial year	45,847	20,847
Add: Block Grant received during the year	<u>32,000</u>	<u>25,000</u>
	77,847	45,847
Less: Expenditure during the year (Note)-		
Minor work project	(1,700)	-
Furniture and equipment	<u>(15,953)</u>	<u>-</u>
	60,194	45,847
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>60,194</u></u>	<u><u>45,847</u></u>

Capital Commitments

As at 31 March 2015, the outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Block Grant were as follows -

	<u>2015</u> <u>HK\$</u>	<u>2014</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 2014-15.

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31 MARCH, 2015

15. SWD Social Welfare Development Fund

	<u>Phase 1</u> <u>HK\$</u>	<u>Phase 2</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Balance as at 01.04.2013	151,399	-	151,399
Transfer (to) / from income and expenditure account	<u>(52,062)</u>	<u>113,801</u>	<u>61,739</u>
Balance as at 31.03.2014	99,337	113,801	213,138
Transfer from income and expenditure account	-	276,714	276,714
Transfer (to) / from general fund	<u>(99,337)</u>	<u>2,113</u>	<u>(97,224)</u>
Balance as at 31.03.2015	<u>-</u>	<u>392,628</u>	<u>392,628</u>

16. 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	766	9,680	43,012	1,159,783	1,213,241
Transfer (to) / from income and expenditure account	<u>(378)</u>	<u>562</u>	<u>(31,950)</u>	<u>51,134</u>	<u>19,368</u>
Balance as at 31.03.2015	<u>388</u>	<u>10,242</u>	<u>11,062</u>	<u>1,210,917</u>	<u>1,232,609</u>

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31 MARCH, 2015

17. Property, plant and equipment

	<u>Leasehold improvement</u> HK\$	<u>Furniture, fixtures and reference books</u> HK\$	<u>Computer equipment</u> HK\$	<u>Total</u> HK\$
<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	48,720	738,438	450,473	1,237,631
Additions	1,000	12,159	3,794	16,953
Disposals	-	(1,588)	(13,758)	(15,346)
As at 31.03.2015	49,720	749,009	440,509	1,239,238
<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	38,436	690,174	414,920	1,143,530
Charge for the year	4,972	25,721	36,312	67,005
Written back on disposals	-	(1,588)	(13,758)	(15,346)
As at 31.03.2015	43,408	714,307	437,474	1,195,189
<u>Net book value</u>				
As at 31.03.2015	6,312	34,702	3,035	44,049
As at 31.03.2014	10,284	48,264	35,553	94,101

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31 MARCH, 2015

18. Deferred income

Grants and subvention related to assets are recorded as deferred income and are released to the income and expenditure account as the related expenditure are incurred.

19. 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.

20. Management Committee members' remuneration

Pursuant to Section 383(1) of the Companies Ordinance, Management Committee members' remuneration is disclosed as follows:

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Fees and other emoluments	-	-

21. Commitments under operating leases

As at 31 March, 2015, the Association had the following future minimum lease payments under non-cancellable operating leases for the following periods:-

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Land and buildings: Within one year	2	2

22. 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 31 MARCH, 2015

23. Note to the statement of cash flows

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

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
Operating surplus / (deficits) for the year	254,771	(199,718)
Adjustments for:		
Depreciation	67,005	111,835
Bank interest received	<u>(156)</u>	<u>(157)</u>
Operating surplus / (deficits) before working capital changes:	321,620	(88,040)
(Increase) / decrease in accounts receivable	(185)	14,595
Increase in prepayments and sundry debtors	(30,264)	(34,015)
(Decrease) / increase in receipts in advance	(34,563)	39,493
Decrease in deferred income	(11,052)	(106,187)
Decrease in accruals	<u>(3,528)</u>	<u>(20,398)</u>
Net cash generated from / (used in) operating activities	<u><u>242,028</u></u>	<u><u>(194,552)</u></u>

24. 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.

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.

LOK CHI ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 31 MARCH, 2015

24. Financial risk management (Cont'd)

(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.

25. 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
Annual improvements to HKFRSs 2012 - 2014 cycle	1 January 2016

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.

26. Approval of financial statements

The financial statements were approved by the members of the Management Committee on 08 DEC 2015

