

**HONG KONG GUIDE DOGS ASSOCIATION LIMITED**  
香港導盲犬協會有限公司

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

For the period from 1 January 2015 to 31 March 2016



**ENSON CPA LTD**  
安信會計師事務所有限公司

**HONG KONG GUIDE DOGS ASSOCIATION LIMITED**  
香港導盲犬協會有限公司

**DIRECTORS' REPORT**

*For the period from 1 January 2015 to 31 March 2016*

The directors have pleasure in submitting their report together with the audited financial statements for the period from 1 January 2015 to 31 March 2016.

**Principal activities**

The principal activities of the company during the period are set out in note 1 to the financial statements. As also explained in note 1, the company changed its financial year end from 31 December to 31 March effective from these financial statements.

**Results and appropriations**

The results and state of affairs of the company for the period are set out in the financial statements on pages 3 to 10.

**Directors**

The directors in office during the period and at the date of this report were:

WONG, Sai Hung David

LI, Ka Sum Amy

TSANG, Kin Ping

CHI, Tan Ning Fianna

CHONG, Chan Yau

CHAU, Man Ki Mabel

CHEUNG, Hin Man

BARNES, John Andrew

LI, Kai Wang Kenneth

(appointed on 5 May 2015)

LAM, Wai Pong

(appointed on 5 May 2015)

In accordance with article 31 of the company's Articles of Association, the term of office shall be two years and a director who retires shall be eligible for re-election.

**Auditors**

The financial statements have been audited by Enson CPA Limited, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the board



CHAU, Man Ki Mabel

Chairman

Hong Kong,

12 JUL 2016



Certified Public Accountants

ENSON CPA LTD  
安信會計師事務所有限公司

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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
HONG KONG GUIDE DOGS ASSOCIATION LIMITED 香港導盲犬協會有限公司**  
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Hong Kong Guide Dogs Association Limited set out on pages 3 to 10, which comprise the statement of financial position as at 31 March 2016, and the statement of income and expenditure for the period from 1 January 2015 to 31 March 2016, and a summary of significant accounting policies and other explanatory notes.

**Directors' responsibility for the financial statements**

The directors are responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors 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 and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the 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 judgment, 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 entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

**Opinion**

In our opinion, the financial statements of the company for the period from 1 January 2015 to 31 March 2016 are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Enson CPA Limited  
Certified Public Accountants  
Hong Kong, 12 JUL 2016

Daniel Chun-Chiu Ng  
Practising Certificate number P03796

**HONG KONG GUIDE DOGS ASSOCIATION LIMITED**  
**香港導盲犬協會有限公司**

**STATEMENT OF INCOME AND EXPENDITURE**  
**For the period from 1 January 2015 to 31 March 2016**

	Note	1.1.2015 to 31.3.2016 HK\$	Year ended 31.12.2014 HK\$
<b>Income</b>			
Donations income	4	4,735,476	3,305,899
Sales and other fees income		397,347	235,170
Government grants		20,000	41,260
Membership fees income		1,200	900
Bank interest income		94	41
		<u>5,154,117</u>	<u>3,583,270</u>
<b>Expenditure</b>			
Auditors' remuneration		12,000	12,000
Bank charges		10,330	2,454
Courier and postage		2,682	2,544
Depreciation		79,641	-
Dog care expenses		326,923	144,067
Donation paid		1,000	500
Electricity and water		15,865	2,376
Event expenses		283,658	192,950
Hire purchase interest expenses		3,923	-
Insurance		26,196	20,617
Messing		6,052	-
Motor vehicle expenses		55,775	-
MPF employer contributions		84,921	34,780
Printing and stationery		43,541	11,739
Purchases for mini store		33,859	201,153
Recruitment expenses		3,701	-
Rental expenses - office		135,000	36,000
Rental expenses - staff quarters		243,250	192,000
Salaries and other allowances		1,873,095	1,123,792
Secretarial expenses		2,305	2,305
Seminar and training - local		4,795	3,350
Seminar and training - overseas		803,475	882,173
Subscriptions and memberships		8,772	5,210
Sundry expenses		11,947	6,514
Telecommunication		7,770	2,591
Travelling and transportation - local		99,875	73,402
Travelling and transportation - overseas		51,867	145,016
Volunteer expenses		20,300	16,000
Web site and software expenses		25,501	8,000
		<u>4,278,019</u>	<u>3,121,533</u>
<b>Surplus for the period / year</b>		<u>876,098</u>	<u>461,737</u>

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

HONG KONG GUIDE DOGS ASSOCIATION LIMITED  
香港導盲犬協會有限公司

STATEMENT OF FINANCIAL POSITION  
At 31 March 2016

	Note	At 31.3.2016 HK\$	At 31.12.2014 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	7	<u>159,282</u>	<u>-</u>
<b>Current assets</b>			
Prepayment and deposits paid		60,050	56,150
Membership fees receivable		300	-
Cash and bank balances		<u>3,515,639</u>	<u>2,685,778</u>
		<u>3,575,989</u>	<u>2,741,928</u>
<b>Current liabilities</b>			
Bank overdraft		-	17,333
Accrued expenses		28,022	39,902
Obligations under finance leases	8	<u>47,500</u>	<u>-</u>
		<u>75,522</u>	<u>57,235</u>
<b>Net current assets</b>		<u>3,500,467</u>	<u>2,684,693</u>
<b>Non-current liabilities</b>			
Obligations under finance leases	8	<u>98,958</u>	<u>-</u>
<b>Net assets</b>		<u>3,560,791</u>	<u>2,684,693</u>
<b>Equity</b>			
General fund	10	2,058,525	1,174,572
Designated fund	9	<u>1,502,266</u>	<u>1,510,121</u>
		<u>3,560,791</u>	<u>2,684,693</u>

Approved on behalf of the Board of Directors on 12 JUL 2016



CHAU, Man Ki Mabel  
Director



CHI, Tan Ning Fianna  
Director

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

**HONG KONG GUIDE DOGS ASSOCIATION LIMITED**  
香港導盲犬協會有限公司

**NOTES TO THE FINANCIAL STATEMENTS**

*For the period from 1 January 2015 to 31 March 2016*

**1. Reporting Entity**

Hong Kong Guide Dogs Association Limited is a limited liabilities company incorporated in Hong Kong which does not have a share capital and its liabilities are limited by guarantee, such that under the provision of the memorandum of association, every member shall, in the event of the company being wound up, contribute such amount as required to meet the liabilities of the company, but not exceeding HK\$1. The registered office of the company is currently located at Room 1146F, 11/F, Block F, Wah Lok Industrial Centre, 31-35 Shan Mei Street, Fotan, New Territories, Hong Kong.

The principal activities of the company are to provide (1) well trained guide dogs to visually impaired persons in Hong Kong, (2) guide dogs mobility training to visually impaired persons and (3) other related activities.

The company previously prepared its financial statements with year end 31 December. With effect from this financial period, the directors have decided to change the financial year end to 31 March in order to facilitate management review. Therefore, the financial statements for this period covering 15 months from 1 January 2015 to 31 March 2016.

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

The company qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern.

The measurement base adopted is the historical cost accounting convention.

The company's financial statements for the period from 1 January 2015 to 31 March 2016 are its first annual financial statements prepared under accounting policies that comply with the SME-FRS. The Association applied full Hong Kong Financial Standards ("HKFRS") prior to the application of the SME-FRS.

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

**(a) Revenue**

Revenue is recognised when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the following bases:

- (i) Donations are recognized as income on received,
- (ii) Sales and other fees income are recognised as income on received,
- (iii) Government grants are recognised as income on received,
- (iv) Non-refundable membership fees income are recognized as income on received, and
- (v) Bank interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2015 to 31 March 2016

3. Basis of preparation and accounting policies (cont'd)

(b) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(c) Property, plant and equipment

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

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Motor vehicle	33 1/3%
Equipment	33 1/3%

(d) Impairment of assets

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

(e) Leases

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

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

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

(f) Trade and other receivables

Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to income and expenditure.

HONG KONG GUIDE DOGS ASSOCIATION LIMITED  
香港導盲犬協會有限公司

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2015 to 31 March 2016

3. Basis of preparation and accounting policies (cont'd)

(g) Trade and other payables

Trade and other payables are initially measured at transaction cost and, after initial recognition, at amortized cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

(h) Related parties

Two parties are considered to related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

4. **Donations income**

During the period, in support of specified projects, among others, Lee Hysan Foundation made a donation of HK\$1,867,787 (2014: HK\$1,744,494) and The Link Properties Limited a donation of HK\$677,512 (2014: HK\$385,534) to the company.

5. **Directors' remuneration**

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

	1.1.2015 to 31.3.2016	Year ended 31.12.2014
	HK\$	HK\$
Fees	-	-
Salaries and other emoluments	-	-
MPF	-	-
	<u>-</u>	<u>-</u>

6. **Income tax expenses**

The company has been exempted from any tax in Hong Kong under section 88 of Inland Revenue Ordinance in view of its public and charitable character since 27 June 2011.

**HONG KONG GUIDE DOGS ASSOCIATION LIMITED**  
**香港導盲犬協會有限公司**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the period from 1 January 2015 to 31 March 2016*

**7. Property, plant and equipment**

	Motor vehicle HK\$	Equipment HK\$	Total HK\$
<u>Cost</u>			
At 31.12.2014	-	-	-
Additions	217,273	21,650	238,923
At 31.3.2016	<u>217,273</u>	<u>21,650</u>	<u>238,923</u>
<u>Depreciation</u>			
At 31.12.2014	-	-	-
Charge for the period	72,424	7,217	79,641
At 31.3.2016	<u>72,424</u>	<u>7,217</u>	<u>79,641</u>
<u>Carrying amount</u>			
At 31.12.2014	<u>-</u>	<u>-</u>	<u>-</u>
At 31.3.2016	<u>144,849</u>	<u>14,433</u>	<u>159,282</u>

**8. Obligations under finance leases**

The present value of lease payments under finance leases are as follows:

	1.1.2015 to 31.3.2016 HK\$	Year ended 31.12.2014 HK\$
Not later than one year	47,500	-
Later than one year	98,958	-
	<u>146,458</u>	<u>-</u>

HONG KONG GUIDE DOGS ASSOCIATION LIMITED  
香港導盲犬協會有限公司

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2015 to 31 March 2016

9. Designated fund

The designated fund being the donations received from independent donors designated to be used for the purpose of funding specified projects in the manner as specified by the donors and the company.

	1.1.2015 to 31.3.2016 HK\$	Year ended 31.12.2014 HK\$
At the beginning of the period	<u>1,510,121</u>	<u>1,372,781</u>
<u>Transfer from / (to) income and expenditure:-</u>		
Donations income	2,645,299	2,130,028
Bank charge	(1,588)	(1,040)
Courier and postage	(289)	(77)
Dog care expenses	(326,002)	(116,436)
Event expenses	(129,480)	(3,520)
Insurance	(12,510)	(10,087)
Motor vehicle expenses	(18,308)	-
MPF employer contributions	(54,478)	(17,844)
Printing and stationery	(19,882)	(55)
Rental expenses - staff quarters	-	(160,000)
Salaries and other allowances	(1,211,418)	(714,349)
Seminar and training - overseas	(803,475)	(882,173)
Telecommunication	(1,667)	(1,554)
Travelling and transportation - local	(78,007)	(7,067)
Travelling and transportation - overseas	(28,478)	(78,486)
Volunteer expenses	(3,854)	-
	<u>(44,137)</u>	<u>137,340</u>
Transfer from general fund	<u>36,282</u>	<u>-</u>
At the end of the period	<u><u>1,502,266</u></u>	<u><u>1,510,121</u></u>

10. Changes in equity

	General fund HK\$	Designed fund HK\$	Total HK\$
Balance as at 31.12.2014	1,174,572	1,510,121	2,684,693
Surplus / (deficit) for the period	920,235	(44,137)	876,098
Transfer from / (to) other fund reserves	(36,282)	36,282	-
Balance as at 31.3.2016	<u><u>2,058,525</u></u>	<u><u>1,502,266</u></u>	<u><u>3,560,791</u></u>

**HONG KONG GUIDE DOGS ASSOCIATION LIMITED**  
**香港導盲犬協會有限公司**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the period from 1 January 2015 to 31 March 2016*

**11. Commitments under operating leases**

The company had the following total future minimum lease payments payable under non-cancellable operating leases:

	1.1.2015 to 31.3.2016	Year ended 31.12.2014
	HK\$	HK\$
Not later than one year	252,000	260,000
Later than one year	90,750	81,000
	<u>342,750</u>	<u>341,000</u>

**12. Other related party transactions**

In addition to the transactions / information disclosed elsewhere in these financial statements, during the period, the company had the following transactions with related parties:

<u>Nature of transactions</u>	<u>Related parties</u>	HK\$	HK\$
Membership fees income	Directors	<u>1,000</u>	<u>900</u>

**13. Comparative figures**

As a result of the initial application of Part 9 of the Hong Kong Companies Ordinance (Cap. 622) on these financial statements, certain comparative figures have been reclassified to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2016.