



HONG KONG GUIDE DOGS ASSOCIATION LIMITED

香港導盲犬協會有限公司

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

For the year ended 31 March 2017



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 year ended 31 March 2017

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 March 2017.

Principal activities

The principal activities of the company during the year are set out in note 1 to the financial statements.

Results and appropriations

The results and state of affairs of the company for the year are set out in the financial statements on pages 4 to 11.

Directors

The directors in office during the year 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

LAM, Wai Pong

CHAN, Wing Fai John

(appointed on 21 July 2016)

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.

Permitted indemnity provision

In accordance with article 55 of the company's articles of association, a permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the company is currently in force and was in force throughout the year.

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,

10 OCT 2017



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)

Opinion

We have audited the financial statements of Hong Kong Guide Dogs Association Limited (the "Company") set out on pages 4 to 11, which comprise statement of financial position as at 31 March 2017 and the statement of income and expenditure for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 900 (Revised), Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's DIRECTORS' REPORT AND FINANCIAL STATEMENTS for the year ended 31 March 2017, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Certified Public Accountants

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This auditor's 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.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Enson CPA Limited
Certified Public Accountants
Hong Kong, 10 OCT 2017

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 year ended 31 March 2017

	Note	Year ended 31.3.2017 HK\$	1.1.2015 to 31.3.2016 HK\$
Income			
Donations income		3,753,280	4,735,476
Sales and other fees income		258,417	397,347
Government grants		81,000	20,000
Membership fees income		1,200	1,200
Bank interest income		136	94
Sundry income		41,523	-
		<u>4,135,556</u>	<u>5,154,117</u>
Expenditure			
Auditors' remuneration		18,000	12,000
Bank charges		11,171	10,330
Courier and postage		4,211	2,682
Depreciation		128,974	79,641
Dog care expenses		696,875	326,923
Donation paid		-	1,000
Electricity and water		16,546	15,865
Event expenses		243,699	283,658
Exchange difference		41,238	-
Hire purchase interest expenses		8,465	3,923
Insurance		24,357	26,196
Messing		21,614	6,052
Motor vehicle expenses		108,891	55,775
MPF employer contributions		88,586	84,921
Office supply and printing		67,873	43,541
Purchases for mini store		118,800	33,859
Recruitment expenses		5,472	3,701
Rental expenses - car park		15,300	-
Rental expenses - office		111,000	135,000
Rental expenses - staff quarters		75,073	243,250
Salaries and other allowances		1,818,867	1,873,095
Secretarial expenses		3,541	2,305
Seminar and training - local		15,365	4,795
Seminar and training - overseas		187,077	803,475
Subscriptions and memberships		7,016	8,772
Sundry expenses		7,930	11,947
Telecommunication		12,685	7,770
Travelling and transportation - local		101,401	99,875
Travelling and transportation - overseas		53,918	51,867
Volunteer expenses		28,809	20,300
Web site and software expenses		121,492	25,501
		<u>4,164,246</u>	<u>4,278,019</u>
Surplus / (deficit) for the period		<u>(28,690)</u>	<u>876,098</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 2017*

	Note	2017 HK\$	2016 HK\$
Non-current assets			
Property, plant and equipment	5	<u>178,308</u>	<u>159,282</u>
Current assets			
Prepayment and deposits paid		60,158	60,050
Membership fees and other receivable		2,800	300
Cash and bank balances		<u>3,557,016</u>	<u>3,515,639</u>
		<u>3,619,974</u>	<u>3,575,989</u>
Current liabilities			
Accrued expenses		163,038	28,022
Obligations under finance leases	6	<u>48,373</u>	<u>47,500</u>
		<u>211,411</u>	<u>75,522</u>
Net current assets		<u>3,408,563</u>	<u>3,500,467</u>
Non-current liabilities			
Obligations under finance leases	6	<u>54,770</u>	<u>98,958</u>
Net assets		<u>3,532,101</u>	<u>3,560,791</u>
Equity			
Community Chest fund	7	457,138	-
Other designated funds	8	10,289	1,502,266
General fund	9	<u>3,064,674</u>	<u>2,058,525</u>
		<u>3,532,101</u>	<u>3,560,791</u>

Approved on behalf of the Board of Directors on 10 OCT 2017.


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 year ended 31 March 2017

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.

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 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.

(b) Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. 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

A person or a close member of that person's family is related to the company if that person: (i) has control or joint control of the company; (ii) has significant influence over the company; or (iii) is a member of the key management personnel of the company or of a parent of the company.

An entity is related to the company (the reporting entity) if: (i) the entity and the company are members of the same group; (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. (vi) the entity is controlled or jointly controlled by a related person identified in the previous paragraph; (vii) a related person identified in the previous paragraph item (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

3. Directors' remuneration

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

	Year ended 31.3.2017	1.1.2015 to 31.3.2016
	HK\$	HK\$
Fees	-	-
Salaries and other emoluments	-	-
MPF	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

4. 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 year ended 31 March 2017

5. Property, plant and equipment

	Motor vehicle HK\$	Equipment HK\$	Total HK\$
<u>Cost</u>			
At 31.3.2016	217,273	21,650	238,923
Additions	148,000	-	148,000
At 31.3.2017	<u>365,273</u>	<u>21,650</u>	<u>386,923</u>
<u>Depreciation</u>			
At 31.3.2016	72,424	7,217	79,641
Charge for the year	121,758	7,216	128,974
At 31.3.2017	<u>194,182</u>	<u>14,433</u>	<u>208,615</u>
<u>Carrying amount</u>			
At 31.3.2016	<u>144,849</u>	<u>14,433</u>	<u>159,282</u>
At 31.3.2017	<u>171,091</u>	<u>7,217</u>	<u>178,308</u>

6. Obligations under finance leases

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

	Year ended 31.3.2017 HK\$	1.1.2015 to 31.3.2016 HK\$
Not later than one year	48,373	47,500
Later than one year	54,770	98,958
	<u>103,143</u>	<u>146,458</u>

7. Community Chest fund

	HK\$	HK\$
At the beginning of the period	-	-
<u>Transfer from / (to) income and expenditure:-</u>		
Donations income	1,360,260	-
Expenditure	(903,122)	-
	<u>457,138</u>	<u>-</u>
At the end of the period	<u>457,138</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 year ended 31 March 2017

8. Other designated funds

	Year ended 31.3.2017 HK\$	1.1.2015 to 31.3.2016 HK\$
At the beginning of the period	1,502,266	1,510,121
<u>Transfer from / (to) income and expenditure:-</u>		
Donations income	628,586	2,645,299
Expenditure	(2,120,563)	(2,689,436)
	<u>(1,491,977)</u>	<u>(44,137)</u>
Transfer from general fund	-	36,282
At the end of the period	<u>10,289</u>	<u>1,502,266</u>

9. General fund

	HK\$	HK\$
At the beginning of the period	2,058,525	1,174,572
<u>Transfer from / (to) income and expenditure:-</u>		
Donations income	1,764,434	2,090,177
Other income	382,276	418,641
Expenditure	(1,140,561)	(1,588,583)
	<u>1,006,149</u>	<u>920,235</u>
Transfer to other designated funds	-	(36,282)
At the end of the period	<u>3,064,674</u>	<u>2,058,525</u>

10. Changes in equity

	Community Chest fund HK\$	Other designed funds HK\$	General fund HK\$	Total HK\$
Balance as at 31.3.2016	-	1,502,266	2,058,525	3,560,791
Surplus / (deficit) for the year	457,138	(1,491,977)	1,006,149	(28,690)
Balance as at 31.3.2017	<u>457,138</u>	<u>10,289</u>	<u>3,064,674</u>	<u>3,532,101</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 year ended 31 March 2017***11. Commitments under operating leases**

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

	Year ended 31.3.2017	1.1.2015 to 31.3.2016
	HK\$	HK\$
Not later than one year	5,100	252,000
Later than one year	-	90,750
	<u>5,100</u>	<u>342,750</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>1,100</u>	<u>1,000</u>

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.