

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

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH, 2018

AND

INCOME STATEMENT

For the year

ended

31st March, 2018

**T. C. NG & CO. C.P.A. LIMITED**  
**伍子材會計師事務所有限公司**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**HONG KONG**

**T.C. NG & Co CPA Ltd**  
Certified Public Accountants

AUDIT, TAX, BUSINESS ADVISORY & OUTSOURCING

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
HONG KONG GUIDE DOGS ASSOCIATION LIMITED**

**香港導盲犬協會有限公司**

**(Incorporated in Hong Kong and limited by guarantee)**

**Opinion**

We have audited the financial statements of Hong Kong Guide Dogs Association Limited ("the Company") set out on pages 4 to 10, which comprise the statement of financial position as at 31st March, 2018, and the income statement 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 ("HKSA") and with reference to PN 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 directors' report 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 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. 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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.

As part of an audit in accordance with HKSA's, 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.



T. C. Ng & Co. C.P.A. Limited  
Certified Public Accountants.

Hong Kong,  
Director in Charge : Man King Chi, Eddie  
Practising Certificate Number : P02470

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST MARCH, 2018**  
**(Amounts Expressed in Hong Kong Dollars)**

<u>2017</u>		<u>2018</u>	<u>Note</u>
	<b>ASSETS</b>		
	<b><u>Non-Current Assets</u></b>		
\$ 178,308	Property, Plant and Equipment	\$3,794,098	5
	<b><u>Current Assets</u></b>		
\$ 60,158	Utility Deposits and Prepayments	\$ 278,436	
2,800	Other Receivable	200	
<u>3,557,016</u>	Cash at Bank and in Hand	<u>3,826,351</u>	
<u>\$3,619,974</u>		\$4,104,987	
	<b><u>Current Liabilities</u></b>		
\$ 163,038	Accrued Expenses	\$67,943	
<u>103,143</u>	Obligations under Finance Leases	<u>54,770</u>	
<u>\$ 266,181</u>		122,713	
<u>\$3,353,793</u>	Net Current Assets	<u>\$3,982,274</u>	
<u>\$3,532,101</u>	<b>NET ASSETS</b>	<u>\$7,776,372</u>	
	<b>FUNDS</b>		
\$ 457,138	<u>Community Chest Fund</u>	\$ 625,613	
10,289	<u>Other Designated Funds</u>	773,179	
3,064,674	<u>General Funds</u>	5,164,938	
-	Grants Received from Hong Kong Jockey Club		
<u>\$3,532,101</u>	<u>Charities Trust - For Renovation Purpose</u>	<u>1,212,642</u>	
		<u>\$7,776,372</u>	

These financial statements were approved by the Board of Directors  
on 6th July, 2018.

  
Chau Man Ki, Mabel  
Director

  
Ko Tak Fai, Desmond  
Director

# HONG KONG GUIDE DOGS ASSOCIATION LIMITED

香港導盲犬協會有限公司

## INCOME STATEMENT

For the year ended 31st March, 2018

(Amounts Expressed in Hong Kong Dollars)

2017		2018
	Income -	
\$2,133,846	Funds Received	\$5,821,490
1,619,434	Donations Income	3,767,786
258,417	Charity Sales and Seminar Fee Income	141,495
81,000	Government Grants	-
1,200	Membership Fee Income	1,400
136	Bank Interest Income	5,667
41,523	Sundry Income	645
-	Exchange Gain	6,521
<u>\$4,135,556</u>		<u>\$9,745,004</u>
	Expenses -	
\$ 18,000	Audit Fee	\$ 12,500
11,171	Bank Charges and Interest	21,052
4,211	Courier and Postage	10,999
121,758	Depreciation on Motor Vehicles	121,758
7,216	Depreciation on Equipment	7,216
-	Depreciation on Computers	14,700
696,875	Dog Care Expenses	703,045
16,546	Electricity and Water	16,398
243,699	Event Expenses	660,119
41,238	Exchange Loss	-
8,465	Hire Purchase Interest	3,407
24,357	Insurance	42,239
-	Legal and Professional Fees	28,950
21,614	Messing	11,026
108,891	Motor Vehicle Expenses	153,885
88,586	MPF Contribution	134,816
67,873	Office Supply and Printing	29,731
118,800	Purchases for Mini Store	8,500
5,472	Recruitment Expenses	4,953
126,300	Rent and Rates	142,925
1,818,867	Salaries and Allowance	2,826,956
3,541	Secretarial Expenses	2,500
75,073	Staff Quarter Expenses	126,829
202,442	Training Expenses	132,574
7,016	Subscription and Membership	11,135
7,930	Sundry Expenses	40,961
12,685	Telephone	16,406
155,319	Travelling and Transportation	99,312
28,809	Volunteer Expenses	22,744
121,492	Web Site and Software Expenses	93,097
<u>\$4,164,246</u>		<u>5,500,733</u>
(\$ 28,690)	Net Surplus for the year	<u>\$4,244,271</u>
	Less: Transfer to Grants Received from Hong Kong Jockey Club Charities Trust - For Renovation Purpose	<u>1,212,642</u>
<u>(\$ 28,690)</u>		<u>\$3,031,629</u>

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

STATEMENT OF CHANGES IN EQUITY  
For the year ended 31st March, 2018  
(Amounts Expressed in Hong Kong Dollars)

	<u>Community Chest Fund</u>	<u>Other Designated Funds</u>	<u>General Funds</u>	<u>Grants Received from Hong Kong Jockey Club Charities Trust - For Renovation Purpose</u>	<u>Total</u>
Balance as at 31st March, 2016	\$ -	\$1,502,266	\$2,058,525	\$ -	\$3,560,791
Net Surplus for the year	<u>457,138</u>	<u>( 1,491,977)</u>	<u>1,006,149</u>	<u>-</u>	<u>( 28,690)</u>
Balance at 31st March, 2017	\$457,138	\$ 10,289	\$3,064,674	\$ -	\$3,532,101
Net Surplus for the year	168,475	762,890	3,312,906	-	4,244,271
Transfer to Grants Received	<u>-</u>	<u>-</u>	<u>( 1,212,642)</u>	<u>1,212,642</u>	<u>-</u>
Balance at 31st March, 2018	<u>\$625,613</u>	<u>\$ 773,179</u>	<u>\$5,164,938</u>	<u>\$1,212,642</u>	<u>\$7,776,372</u>

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

**ACCOUNTING POLICIES AND EXPLANATORY NOTES**  
**TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH, 2018**  
**(Amounts Expressed in Hong Kong Dollars)**

**1. REPORTING ENTITY**

Hong Kong Guide Dogs Association Limited is a company incorporated in Hong Kong and is limited by guarantee. The Company's registered office is located at Unit No. 1, Podium Level Carpark Building, Tsui Ping South Estate, Kwun Tong, Kowloon, Hong Kong. The principal activities of the Company are to provide well trained guide dogs to visually impaired persons in Hong Kong, to provide guide dogs mobility training to visually impaired persons and other related activities. Under the provision of its Memorandum and Articles of Company, every member shall, in the event of the Company being wound up, contribute such amount as may be required to meet the liabilities of the Company but not exceeding the sum of HK\$1.00 each.

**2. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of preparation and accounting policies -

The Company qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance 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 convention.

(b) Property, Plant and Equipment -

(i) Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) 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 :-

Furniture and Fixtures	-	33-1/3% p.a. on cost
Equipment	-	33-1/3% p.a. on cost
Computers	-	33-1/3% p.a. on cost
Motor Vehicles	-	33-1/3% p.a. on cost

(iii) The gain or loss on disposal of Property, Plant and Equipment is the difference between the net disposal proceeds and the carrying amount of the assets and is recognised in the income statement.

(c) Impairment -

Items of Property, Plant and Equipment are assessed for any indication of impairment or reversal of impairment recognised in prior years. If such indication exists, the recoverable amount of the asset is estimated, carrying amount adjusted and an impairment loss (reversal) recognised as an expense (income) in the Income Statement, or as a revaluation decrease (increase), as appropriate.

(d) Revenue Recognition -

Revenue is recognised when it is probable that the economic benefits will accrue to the Company and when the revenue can be measured reliably on the following bases :-

(i) Funds Received, when received.

(ii) Donations Income, when received.

(iii) Interest Income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (e) Related Parties -

For the purposes of these financial statements, related party includes a person and entity as defined below :-

- (I) 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;
- (II) An entity is related to the Company if any of the following conditions applies :-
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (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 party 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 Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) the entity is controlled or jointly controlled by a person identified in (I).
  - (vii) a person identified in (I)(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).
  - (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.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### (f) Borrowing Costs -

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

## 3. DIRECTORS' EMOLUMENTS AND BENEFITS

Directors' Emoluments for Services as Directors of the Company disclosed pursuant to Section 383 of the Companies Ordinance and the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows :-

	<u>2018</u>	<u>2017</u>
Directors' Fees	Nil	Nil
Other Emoluments in connection with the Management of the Affairs of the Company	Nil	Nil
Amount Paid to Third Parties for Making Available the services of persons as directors	Nil	Nil
Payments in respect of Termination of Service	Nil	Nil
Retirement Benefits given to Retired Directors	Nil	Nil



### 3. DIRECTORS' EMOLUMENTS AND BENEFITS

- i. There are no payments made or benefit provided in respect of the termination of the service of directors, whether in the capacity of directors or in other capacity while directors;
- ii. There are no loans, quasi-loans and other dealings in favour of (a) directors of the company and a holding company of the company; (b) bodies corporate controlled by such directors; (c) entities connected with such directors;
- iii. There are no material interests of directors in transactions, arrangements or contracts entered into by the company or another company in the same group of the companies except for the related party transactions disclosed in Note 8 on the financial statements;
- iv. There are no consideration provided to or receivable by third parties for making available the services of a person as a director or in any other capacity while director;
- v. There are no outstanding loans made to directors under the authority of sections 280 and 281 of the Companies Ordinance during the year.

### 4. TAXATION

No provision for Hong Kong Profits Tax has been incorporated in the financial statements as the Company has been granted exemption from all taxes under Section 88 of the Inland Revenue Ordinance.

### 5. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>Computers</u>	<u>Motor Vehicles</u>	<u>Total</u>
At 1st April, 2017 -					
Cost	\$ -	\$21,650	\$ -	\$365,273	\$386,923
Accumulated Depreciation	-	( 14,433)	-	( 194,182)	( 208,615)
Net Carrying Amount	<u>\$ -</u>	<u>\$ 7,217</u>	<u>\$ -</u>	<u>\$171,091</u>	<u>\$178,308</u>
Year ended 31st March, 2018 -					
Opening Net Carrying Amount	\$ -	\$ 7,217	\$ -	\$171,091	\$ 178,308
Additions	3,663,555	12,549	83,360	-	3,759,464
Depreciation	-	( 7,216)	( 14,700)	( 121,758)	( 143,674)
Closing Net Carrying Amount	<u>\$3,663,555</u>	<u>\$12,550</u>	<u>\$68,660</u>	<u>\$ 49,333</u>	<u>\$3,794,098</u>
At 31st March, 2018 -					
Cost	\$3,663,555	\$34,199	\$83,360	\$365,273	\$4,146,387
Accumulated Depreciation	-	( 21,649)	( 14,700)	( 315,940)	( 352,289)
Net Carrying Amount	<u>\$3,663,555</u>	<u>\$12,550</u>	<u>\$68,660</u>	<u>\$ 49,333</u>	<u>\$3,794,098</u>

The net carrying amount of Motor Vehicles held under finance leases at 31st March, 2018 was Nil. (2017 - \$72,424).

### 6. OBLIGATIONS UNDER FINANCE LEASES

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

	<u>2018</u>	<u>2017</u>
Not later than one year	\$49,334	\$ 48,373
Later than one year	<u>5,436</u>	<u>54,770</u>
	<u>\$54,770</u>	<u>\$103,143</u>

### 7. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company had the following material transactions with its related parties at arm's length during the year -

	<u>2018</u>	<u>2017</u>
Membership Fee Income from - Directors	<u>\$1,100</u>	<u>\$1,100</u>

## 8. OPERATING LEASE ARRANGEMENTS

2018

2017

### The Company as lessee

Minimum lease payments under operating leases recognised in income statement for the year

\$5,100

\$337,650

At the statement of financial position date, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows :-

	<u>2018</u>	<u>2017</u>
Within one year	\$ 605,000	\$5,100
After one year but within 5 years	2,683,275	-
After 5 years	1,107,750	-
	<u>\$4,396,025</u>	<u>\$5,100</u>

Operating lease payments represent rentals payable by the Company for its office properties and staff quarter and are subject to review in 2025 and 2019 respectively.

## 9. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

At 31st March, 2018, there were -

- (a) no outstanding capital commitments.
- (b) no contingent liabilities other than those incurred in the normal course of business.

## 10. FUNDS FROM HONG KONG JOCKEY CLUB CHARITIES TRUST AND LINK ASSETS MANAGEMENT LIMITED

During the year, the Company received HK\$1,561,961.70 from Hong Kong Jockey Club Charities Trust as grants for the renovation and operation of Education and Training Centre; HK\$776,999.62 from Link Assets Management Limited for development of guide dogs and public education.

## 11. COMPARATIVE FIGURES

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