

關懷長者之家服務中心有限公司

**ELDERLY HEALTH CARE SERVICE CENTER LIMITED**

REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

華盈會計師事務所有限公司

**ORIENTAL LINK CPA LIMITED**

關懷長者之家服務中心有限公司  
ELDERLY HEALTH CARE SERVICE CENTER LIMITED

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**關懷長者之家服務中心有限公司**  
**ELDERLY HEALTH CARE SERVICE CENTER LIMITED**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015**

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31<sup>st</sup> December 2015.

**PRINCIPAL ACTIVITY**

The principal activity of the company is provision of elderly charitable services. There was no significant change in the nature of the company's activity during the year.

**FINANCIAL RESULTS AND STATE OF AFFAIRS**

The results of the company for the year ended 31<sup>st</sup> December 2015 and the state of its affairs at that date are set out in the financial statements on pages 5 to 15.

**DIVIDEND AND RESERVE**

In accordance with the company's Memorandum of Association, no dividend shall be made to the members of the company. The directors do not recommend the transfer of any amount to reserve for the year.

**PLANT AND EQUIPMENT**

Details of movements in plant and equipment during the year are set out in note 8 to the financial statements.

**DIRECTORS**

The directors of the company during the year and up to the date of this report were as follows:

Ho Yan Wah  
Li Lin Fong  
Chan Kang Fai

In accordance with Articles No.36 of the company's Articles of Association, the term of office of a director shall be three years; and all directors shall continue in office for the ensuing year.

The company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the company.

關懷長者之家服務中心有限公司  
ELDERLY HEALTH CARE SERVICE CENTER LIMITED

REPORT OF THE DIRECTORS (CONT.)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the company was a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the company a party to any arrangements to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

AUDITORS

The company's auditors Messrs. Oriental Link CPA Limited, Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board



Director  
Hong Kong, 30 SEP 2016

# 華盈會計師事務所有限公司

## ORIENTAL LINK CPA LIMITED

### Certified Public Accountants

Room 1102-3, 11/F., 299QRC, 299 Queen's Road Central, Hong Kong

香港上環皇后大道中299號299QRC 11樓1102-3室 電話 Tel:2836 3189 傳真 Fax:2234 0834

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF

關懷長者之家服務中心有限公司

#### ELDERLY HEALTH CARE SERVICE CENTER LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Elderly Health Care Service Center Limited ("the Company") set out on pages 5 to 15, which comprise the statement of financial position as at 31<sup>st</sup> December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities 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 (Cap. 622), 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 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 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 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.

# 華盈會計師事務所有限公司

## ORIENTAL LINK CPA LIMITED

Certified Public Accountants

Room 1102-3, 11/F., 299QRC, 299 Queen's Road Central, Hong Kong

香港上環皇后大道中299號299QRC 11樓1102-3室 電話 Tel:2836 3189 傳真 Fax:2234 0834

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF

關懷長者之家服務中心有限公司

#### ELDERLY HEALTH CARE SERVICE CENTER LIMITED

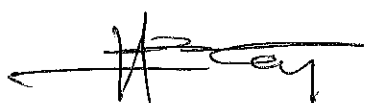
(incorporated in Hong Kong with limited liability)

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31<sup>st</sup> December 2015 and of its deficit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

#### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the Company incurred a net deficit of HK\$102,345 during the year ended 31<sup>st</sup> December 2015 and, as of that date; the Company's current liabilities exceeded its total assets by HK\$26,308. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The validity of the financial statements being prepared on a going concern basis depends upon the continuing financial support from the members of the Company.



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Oriental Link CPA Limited  
Certified Public Accountants  
Hong Kong, 30 SEP 2016

Ho Siu Tong  
Practising Certificate Number P04291

關懷長者之家服務中心有限公司  
ELDERLY HEALTH CARE SERVICE CENTER LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

	<i>Note</i>	2015 <u>HK\$</u>	2014 <u>HK\$</u>
REVENUE	3	213,827	401,096
DIRECT COSTS		(2,433)	(5,174)
GROSS SURPLUS		<u>211,394</u>	<u>395,922</u>
OTHER INCOME	3	7,125	-
ADMINISTRATIVE EXPENSES		(320,864)	(343,014)
(DEFICIT)/SURPLUS BEFORE TAX	4	<u>(102,345)</u>	<u>52,908</u>
INCOME TAX EXPENSE	6	-	-
(DEFICIT)/SURPLUS FOR THE YEAR		<u>(102,345)</u>	<u>52,908</u>
RETAINED SURPLUS AT START OF YEAR		76,037	23,129
(ACCUMULATED DEFICITS)/RETAINED SURPLUS AT END OF YEAR		<u><u>(26,308)</u></u>	<u><u>76,037</u></u>

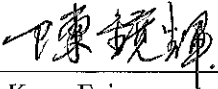
The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

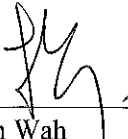
關懷長者之家服務中心有限公司  
ELDERLY HEALTH CARE SERVICE CENTER LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT 31<sup>ST</sup> DECEMBER 2015

	<i>Note</i>	2015 <u>HK\$</u>	2014 <u>HK\$</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	51,338	163,424
Prepayments		1,806	1,806
Rental deposits		10,800	10,800
Account receivables		-	3,528
		63,944	179,558
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	8	-	1,200
<b>TOTAL ASSETS</b>		63,944	180,758
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Amount due to directors	9	77,509	77,509
Accruals		12,743	27,212
<b>TOTAL LIABILITIES</b>		90,252	104,721
<b>EQUITY</b>			
<b>MEMBERS' EQUITY</b>			
(Accumulated deficits)/retained surplus		(26,308)	76,037
<b>TOTAL LIABILITIES AND EQUITY</b>		63,944	180,758

Approved by the Board of Directors on 30 SEP 2016

  
\_\_\_\_\_  
Chan Kang Fai  
Director

  
\_\_\_\_\_  
Ho Yan Wah  
Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.



關懷長者之家服務中心有限公司  
ELDERLY HEALTH CARE SERVICE CENTER LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

	Retained surplus/ (accumulated deficits) <u>HK\$</u>	Total equity <u>HK\$</u>
Balance at 31 <sup>st</sup> December 2013	23,129	23,129
Surplus for the year	52,908	52,908
Balance at 31 <sup>st</sup> December 2014	<u>76,037</u>	<u>76,037</u>
Deficit for the year	(102,345)	(102,345)
Balance at 31 <sup>st</sup> December 2015	<u><u>(26,308)</u></u>	<u><u>(26,308)</u></u>

關懷長者之家服務中心有限公司  
ELDERLY HEALTH CARE SERVICE CENTER LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

	<i>Note</i>	2015 <u>HK\$</u>	2014 <u>HK\$</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		224,476	397,564
Cash paid to suppliers and employees		(336,566)	(336,083)
Net cash (used in)/from operating activities		<u>(112,090)</u>	<u>61,481</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		4	4
Net cash from investing activities		<u>4</u>	<u>4</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment from directors		-	1,001
Net cash from financing activities		<u>-</u>	<u>1,001</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(112,086)</u>	<u>62,486</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		163,424	100,938
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><u>51,338</u></u>	<u><u>163,424</u></u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Bank balances	7	<u><u>51,338</u></u>	<u><u>163,424</u></u>

關懷長者之家服務中心有限公司  
ELDERLY HEALTH CARE SERVICE CENTER LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

REPORTING ENTITY

Elderly Health Care Service Center Limited is a company incorporated and domiciled in Hong Kong with limited liability by guarantee. The company's registered office is located at Room A2, Unit A, 10/F., Kam Man Fung Factory Building, No.6 Hong Man Street, Hong Kong. The principal activity of the company is provision of elderly charitable services.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements of the company have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance, and have been prepared under the accrual basis of accounting.

Notwithstanding that the company incurred a net deficit of HK\$102,345 during the year ended 31<sup>st</sup> December 2015 and, as of that date, the company's current liabilities exceeded its total assets by HK\$26,308, the financial statements have been prepared on the basis that the company is a going concern as the members have agreed to provide adequate and continuing financial support to the company to meet in full its financial obligations as they fall due in the foreseeable future. The financial statements do not include any adjustments that would result from a failure to obtain such funding and support such as to reduce the value of assets to their recoverable amount, to provide for any additional liabilities or to re-classify assets and liabilities.

The financial statements have been prepared under the historical cost convention.

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

a) Revenue

Revenue is recognized in profit or loss provided it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably, as follows:

- (i) donation and public subscription are recognized when the money is received;
- (ii) income from functions is recognized when the associated functions are rendered to the customer;
- (iii) members' subscription fee is recognized on a time proportion basis; and
- (iv) interest income from bank deposits is recognized as revenue on a time basis by reference to the principal outstanding and at the interest applicable.

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT.)

b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary environment in which the company operates (the functional currency). The financial statements are presented in Hong Kong dollars, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs, maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future benefits expected to be obtained from the use of the assets, the expenditure is capitalized as an additional cost to the assets. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

Depreciation is provided to write off the cost of depreciable plant and equipment over their estimated useful lives, using the straight-line method, at 20% annual rate.

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT.)

e) Account payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

f) Account receivables

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

g) Employee benefits obligations

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The company operates a Mandatory Provident Fund Scheme (the MPF scheme) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK\$25,000. Contributions to the plan vest immediately.

h) Impairment of non-financial assets, other than inventories

At each reporting date, plant and equipment and other non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT.)

i) Operating leases

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 the income statement on a straight-line basis over the lease term.

j) Related parties

For the purpose 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;
- 1) is a member of the key management personnel of the Company or of a parent of the Company;
  - 2) has control over the Company; or
  - 3) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (ii) An entity is related to the Company if any of the following conditions applies:
- 1) 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);
  - 2) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member);
  - 3) both entities are joint ventures of a third entity;
  - 4) either entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - 5) 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 plan;
  - 6) the entity is controlled or jointly controlled by a person identified in (i);
  - 7) a person identified in (i)(1) has significant voting power in the entity.

關懷長者之家服務中心有限公司  
ELDERLY HEALTH CARE SERVICE CENTER LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

2. LIMITED LIABILITY BY GUARANTEE

Every member of the company undertakes to contribute to the assets of the company, in the event of its being wound up while he is a member, or within one year after he ceased to be a member, for payment of the debts and liabilities of the company contracted before he ceases to be a member, and of the costs, charges and expenses of winding-up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding HK\$10.

3. REVENUE AND OTHER INCOME

Revenue represents income from donation, functions, members' subscription, public subscription and interest received and receivable during the year. An analysis of the company's revenue and other income is set out below:

	2015 <u>HK\$</u>	2014 <u>HK\$</u>
REVENUE		
Donation received	162,627	221,184
Income from functions	16,222	36,914
Members' subscription fee received	-	1,770
Public subscription	34,974	141,224
Bank interest income	4	4
	<u>213,827</u>	<u>401,096</u>
OTHER INCOME		
Sundry income	7,125	-
	<u>220,952</u>	<u>401,096</u>

4. (DEFICIT)/SURPLUS BEFORE TAX

	2015 <u>HK\$</u>	2014 <u>HK\$</u>
(Deficit)/surplus before tax is arrived at after charging:		
Auditors' remuneration	5,000	5,000
Depreciation	1,200	1,200
Operating lease rental in respect of leased premises	64,800	61,600
Staff costs (excluding directors' remuneration):		
Salaries and welfare	145,920	143,920
Contribution to mandatory provident funds	7,296	8,338
	<u>220,952</u>	<u>401,096</u>

關懷長者之家服務中心有限公司  
ELDERLY HEALTH CARE SERVICE CENTER LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

5. DIRECTORS' REMUNERATION

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

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

6. INCOME TAX EXPENSE

The company, being a charitable institution, is exempted from tax under Section 88 of the Inland Revenue Ordinance.

7. CASH AND CASH EQUIVALENTS

	2015 <u>HK\$</u>	2014 <u>HK\$</u>
Cash at bank	<u>51,338</u>	<u>163,424</u>

8. PLANT AND EQUIPMENT

	Furniture and fixtures <u>HK\$</u>	Office equipment <u>HK\$</u>	Total <u>HK\$</u>
<b>Cost:</b>			
At 1 <sup>st</sup> January and 31 <sup>st</sup> December 2015	73,250	81,655	154,905
<b>Accumulated depreciation and impairment losses:</b>			
At 1 <sup>st</sup> January 2015	73,250	80,455	153,705
Depreciation for the year	-	1,200	1,200
At 31 <sup>st</sup> December 2015	73,250	81,655	154,905
<b>Net carrying amount:</b>			
At 31 <sup>st</sup> December 2015	<u>-</u>	<u>-</u>	<u>-</u>
At 31 <sup>st</sup> December 2014	<u>-</u>	<u>1,200</u>	<u>1,200</u>



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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL  
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FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

9. AMOUNT DUE TO DIRECTORS

The amount is due to the directors jointly and severally and is interest-free, unsecured and has no fixed repayment term.

10. COMMITMENTS UNDER OPERATING LEASES

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

	2015 <u>HK\$</u>	2014 <u>HK\$</u>
Not later than one year	<u>5,400</u>	<u>48,600</u>

11. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the company's Board of Directors on 30 SEP 2016 .