

COMMUNITY SPIRIT CHARITY LIMITED  
社群心慈善有限公司

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

**Y.Y. CHUI & CO.**  
Certified Public Accountants  
徐英銳會計師事務所

COMMUNITY SPIRIT CHARITY LIMITED

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENTS

	Page
Report of the Directors	1 - 2
Independent Auditor's Report	3 - 5
Income and Expenditure Statement	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Accounting Policies and Explanatory Notes to the Financial Statements	9 - 11

**COMMUNITY SPIRIT CHARITY LIMITED**

**REPORT OF THE DIRECTORS**

The directors have pleasure in presenting their report together with the audited financial statements of the Association for the year ended 31 December 2016.

**PRINCIPAL ACTIVITY**

The principal activities of the Association during the year were to bring comfort and care to the elderly, to improve their quality of living especially to those lacking family or social network by conducting social activities including distribution of fortune food bags through regular home visits.

**RESULTS AND APPROPRIATIONS**

The financial performance of the Association for the year ended 31 December 2016 and the Association's financial position as at that date are set out in the financial statements on pages 6 to 11.

Pursuant to the Memorandum of Association, no portion of the income or property of the Association shall be paid by way of dividend, bonus, loan or otherwise to the members of the Association.

**DIRECTORS**

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

Lee Lup Kuen  
Lau Wai Ling  
Leung Kwok On  
Po Ah Yee

In accordance with the Association's Articles of Association, all directors retire at the forthcoming Annual General Meeting and, being eligible, are available for re-election.

**MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or existed during the year.

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

COMMUNITY SPIRIT CHARITY LIMITED

REPORT OF THE DIRECTORS (Continued)

BUSINESS REVIEW

In 2016, we continued to distribute over one hundred fortune food bags each month through regular home visits. We also purchased electrical appliances and provided assistance to elderly using the emergency assistance donations received. Furthermore, our volunteers visited elderly homes on a regular basis and have organized luncheons and Christmas concert for the elderly. In the coming year, we would continue our monthly home visits to distribute fortune food bags and will organize more social activities for the elderly, especially to those lacking family or social network.

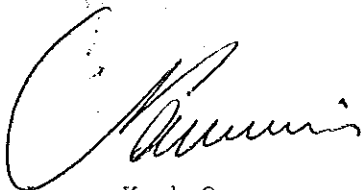
FINANCIAL STATEMENTS

The Association qualifies for the reporting exemption as a small guarantee company under sections 359(1)(a) and 363 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.

AUDITOR

The financial statements have been audited by Y. Y. Chui & Co., Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Leung Kwok On  
Chairman

Hong Kong, 25 September 2017

# Y.Y. CHUI & CO.

**Certified Public Accountants**

**徐英銳會計師事務所**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
COMMUNITY SPIRIT CHARITY LIMITED  
(incorporated in Hong Kong with liability limited by guarantee)

## Opinion

We have audited the financial statements of Community Spirit Charity Limited ("the Association") set out on pages 6 to 11, which comprise the Association's statement of financial position as at 31 December 2016, the income and expenditure statement and the statement of changes in equity 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 Association 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 Association 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.

## Information other than the Financial Statements and Auditor's Report thereon

The directors of the Association are responsible for the other information. The other information comprises the information included in the Report of the Directors, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
COMMUNITY SPIRIT CHARITY LIMITED (Continued)**  
(incorporated in Hong Kong with liability limited by guarantee)

**Responsibilities of Directors for the Financial Statements**

The directors of the Association 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 of the Association are responsible for assessing the Association'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 Association or to cease operations, or have no realistic alternative but to do so.

**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:

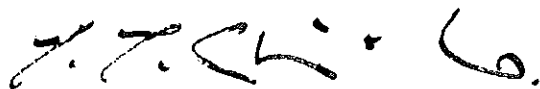
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
COMMUNITY SPIRIT CHARITY LIMITED (Continued)  
(incorporated in Hong Kong with liability limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements  
(Continued)

- 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 Association'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 Association to cease to continue as a going concern.

We communicate with the directors 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.



Y. Y. Chui & Co.  
Certified Public Accountants

Hong Kong, 25 September 2017

COMMUNITY SPIRIT CHARITY LIMITED

INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 HK\$	2015 HK\$
<b>INCOME</b>			
Donation received		324,152	453,670
Charity bazaar		59,598	19,010
Interest income		44	23
Membership fee		1,700	4,200
Other income		-	300
		<u>385,494</u>	<u>477,203</u>
<b>Less: DIRECT CHARITABLE EXPENDITURE</b>			
Fortune food bag for elderly		183,472	150,183
Messing for volunteer and guest		980	309
Printing, stationery and postage		1,264	722
Souvenir for elderly in charity events		15,238	2,794
Sundry expenses		2,320	2,466
Transportation		7,782	7,180
Travel allowance to elderly to charity events		-	270
Venture rental and elderly meal expenses for charity event		<u>30,000</u>	<u>37,383</u>
		<u>241,056</u>	<u>201,307</u>
<b>Less: OTHER ADMINISTRATIVE EXPENSES</b>			
Auditor's remuneration		4,000	-
Bank charges		300	300
Charity bazaar expenses		18,976	-
Printing, stationery and postage		748	821
Rental for warehouse and postbox		9,723	18,351
Sundry expenses		5,444	5,080
Website expenses		<u>1,528</u>	<u>1,155</u>
		<u>40,719</u>	<u>25,707</u>
<b>SURPLUS FOR THE YEAR</b>	4	<u>103,719</u>	<u>250,189</u>

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

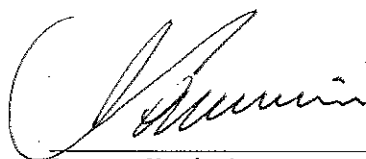


COMMUNITY SPIRIT CHARITY LIMITED

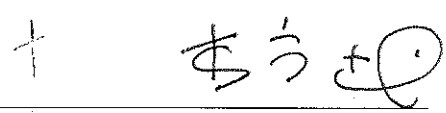
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 HK\$	2015 HK\$
<b>CURRENT ASSETS</b>			
Inventory	7	-	21,108
Accounts receivable		-	195
Prepayment		15,332	-
Cash and bank balances		<u>499,799</u>	<u>392,548</u>
		<u>515,131</u>	<u>413,851</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable		12,818	-
Amount due to a director	8	<u>7,722</u>	<u>22,979</u>
		<u>20,540</u>	<u>22,979</u>
<b>NET ASSETS</b>		494,591	390,872
		=====	=====
Financed by:			
<b>RESERVES</b>			
Retained surplus		494,591	390,872
		=====	=====

On behalf of the Board



Leung Kwok On  
Director



Lee Lup Kuen  
Director

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

COMMUNITY SPIRIT CHARITY LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Retained surplus HK\$
AT 1 JANUARY 2015	140,683
SURPLUS FOR THE YEAR	<u>250,189</u>
AT 31 DECEMBER 2015 AND 1 JANUARY 2016	390,872
SURPLUS FOR THE YEAR	<u>103,719</u>
AT 31 DECEMBER 2016	<u>494,591</u>

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

COMMUNITY SPIRIT CHARITY LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

REPORTING ENTITY

Community Spirit Charity Limited ("the Association") is incorporated in Hong Kong as a company limited by guarantee and not having a share capital. The liability of each member is limited to the extent of an amount not exceeding HK\$500. Its registered office is located at M005 Unit 1, 2/F., Tak Kung Industrial Bldg., 27 Lee Chung St., Chai Wan, Hong Kong. The principal activities of the Association are to bring comfort and care to the elderly, to improve their quality of living especially to those lacking family or social network by conducting social activities including distribution of fortune food bags through regular home visits.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Association qualifies for the reporting exemption as a small guarantee company under sections 359(1)(a) and 363 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 Association is a going concern.

The measurement basis adopted is the historical cost convention.

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

(a) Revenue recognition

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

- (i) Membership fee income is recognised on an accrual basis;
- (ii) Interest income is recognised at the time of actual receipt;
- (iii) Donation received is recognised on receipts of cash;
- (iv) Sundry income is recognised on an accrual basis.

(b) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals applicable to such leases are charged to the income and expenditure statement on a straight-line basis over the lease term.

(c) Accounts receivable

Accounts receivable is stated at estimated realisable value after each debt has been considered individually. When the payment of a debt becomes doubtful a provision is made and charged to the income and expenditure statement.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### (d) Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### (e) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

### (f) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Association has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## 3. MEMBERS' ACTIVITIES

	2016 HK\$	2015 HK\$
Receipts	385,494	477,203
Expenses	<u>281,775</u>	<u>227,014</u>
Surplus on members' activities	<u>103,719</u>	<u>250,189</u>

## 4. SURPLUS FOR THE YEAR

The surplus for the year is stated after charging the following:

	2016 HK\$	2015 HK\$
Auditor's remuneration	4,000	-
Operating lease rentals on land and buildings	<u>9,723</u>	<u>18,351</u>

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Association is exempt from tax under Section 88 of the Inland Revenue Ordinance.

6. DIRECTORS' REMUNERATION

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

	2016 HK\$	2015 HK\$
Fees	-	-
Salaries, allowances and benefits in kind	-	-
Retirement scheme contributions	-	-
	===	===

7. INVENTORIES

	2016 HK\$	2015 HK\$
Merchandise for fortune food bags for elderly, net	-	21,108
	===	=====

8. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest free and repayable on demand.

9. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 September 2017.