

THE CONSERVANCY ASSOCIATION

長春社

STATEMENTS OF ACCOUNTS

For the year ended 31st December 2013

楊少銓會計師事務所

ALBERT S. C. YOUNG & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

THE CONSERVANCY ASSOCIATION
EXECUTIVE COMMITTEE'S REPORT

The executive committee has pleasure in submitting its annual report together with the audited financial statements of the Association for the year ended 31st December 2013.

Principal activities

The Association is established for the objective of promoting environmental protection.

Results and appropriations

The result of the Association for the year ended 31st December 2013 and the state of the Association's affairs at that date are set out in the annexed financial statements and notes.

Property, plant and equipment

Details of movements during the year in the property, plant and equipment of the Association are set out in note 7 to the financial statements.

Executive committee

The members of executive committee during the year and up to the date of this report were:

Ms. Woo Kwok Ping (Chairman)
Mr. Chan Chit Kwai, Stephen
Mr. Chan Kim On
Dr. Chung Shan Shan (appointed on 21/6/2013)
Dr. Hau Chi Hang
Ms. Ho Siu Fong
Dr. Hung Wing Tat
Mr. Lai Kwong Tak, Albert
Mr. Lam Kin Lai
Dr. Law Winnie Wai Yi
Dr. Ng Cho Nam
Mr. Ng Ting Leung, Gordon (appointed on 21/6/2013 & resigned on 13/8/2013)
Mr. Wan Kwok Wai, Martin
Mr. Yick Wing Fat, Simon
Mr. Yick Wing Lam, William (resigned on 21/6/2013)
Mr. Yan Wa Tat

In accordance with the Articles no. 42 & 46 of Association, the names should be as Mr. Chan Kim On; Mr. Lai Kwong Tak, Albert; Mr. Lam Kin Lai; Dr. Ng Cho Nam; Mr. Wan Kwok Wai, Martin; Ms. Woo Kwok Ping; Mr. Yick Wing Fat, Simon whose term of office shall expire on the close of this year's Annual General Meeting and, being eligible, shall offer themselves for re-election.


Executive committee members' interests in contracts

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

Auditors

A resolution to reappoint Messrs. Albert S. C. Young & Company as auditors of the Association will be proposed at the annual general meeting.

On behalf of the executive committee


.....
Chairman
Hong Kong, 13 JUN 2014

楊少銓會計師事務所 香港執業會計師

ALBERT S. C. YOUNG & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

89-93 Bonham Strand, 2nd Floor, Office C, Man Lok Building, Hong Kong.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE CONSERVANCY ASSOCIATION**

We have audited the financial statements of The Conservancy Association ("the Association") set on pages 4 to 12 which comprise statement of financial position as at 31st December 2013 and 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.

Executive committee members' responsibilities for the financial statements

The executive committee members are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards for Private Entities issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and Hong Kong Companies Ordinance, and for such internal control as the executive committee members 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 and to report our opinion solely to you, as a body, in accordance with section 141 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 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 as to 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 executive committee members, 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.

楊少銓會計師事務所 香港執業會計師

ALBERT S. C. YOUNG & COMPANY

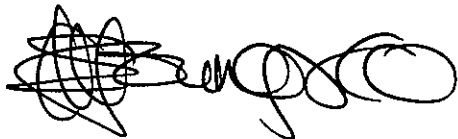
CERTIFIED PUBLIC ACCOUNTANTS

89-93 Bonham Strand, 2nd Floor, Office C, Man Lok Building, Hong Kong.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE CONSERVANCY ASSOCIATION**

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Association's affairs as at 31st December 2013 and of its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards for Private Entities and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.



.....
Albert S. C. Young & Company,
Certified Public Accountants.

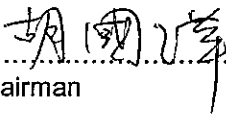
Hong Kong, 13 JUN 2014

THE CONSERVANCY ASSOCIATION
STATEMENT OF FINANCIAL POSITION at 31st December 2013

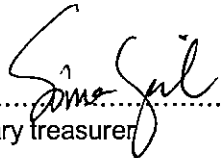
	Note	<u>2013</u> \$	<u>2012</u> \$
ASSETS			
Non-current assets			
Property, plant and equipment	7	204,698	291,527
Amount due from a related Association	8	550,000	600,000
		754,698	891,527
Current assets			
Accounts and other receivables	9	4,612,704	3,780,232
Cash and cash equivalents	10	5,534,663	6,303,694
		10,147,367	10,083,926
Current liabilities			
Accounts and other payables	11	4,387,414	4,019,809
Net current assets		5,759,953	6,064,117
Net assets		6,514,651	6,955,644
 GENERAL FUND			
Accumulated surplus		6,514,651	6,955,644

The financial statements on pages 4 to 12 were approved and authorised for issue by the Board of Executive Committees on

13 JUN 2014



 Chairman



 Honorary treasurer

THE CONSERVANCY ASSOCIATION
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December 2013

	Note	<u>2013</u> \$	<u>2012</u> \$
Income	4	14,313,848	12,352,438
Expenditure			
Projects		8,635,409	6,733,876
Operating and administrative		6,119,432	5,518,020
		<u>14,754,841</u>	<u>12,251,896</u>
(Deficit)/surplus for the year	5	(440,993)	100,542
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		<u>(440,993)</u>	<u>100,542</u>

THE CONSERVANCY ASSOCIATION
STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2013

	<u>Accumulated surplus</u> \$
Balance at 31.12.2011	6,855,102
Total comprehensive income for the year	<u>100,542</u>
Balance at 31.12.2012	6,955,644
Total comprehensive loss for the year	<u>(440,993)</u>
Balance at 31.12.2013	<u><u>6,514,651</u></u>

THE CONSERVANCY ASSOCIATION
STATEMENT OF CASH FLOWS
For the year ended 31st December 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Cash flows from operating activities		
(Deficit)/surplus for the year	(440,993)	100,542
Adjustments for:		
Depreciation	86,829	102,447
Bank interest income	(28,571)	(52,723)
Operating cash flows before movements in working capital	<u>(382,735)</u>	<u>150,266</u>
Decrease in amount due from a related Association	50,000	50,000
(Increase) in accounts and other receivables	(832,472)	(953,144)
Increase in accounts and other payables	367,605	299,910
Net cash (used in)/generated from operating activities	<u>(797,602)</u>	<u>(452,968)</u>
Cash flows from investing activities		
Bank interest income	<u>28,571</u>	<u>52,723</u>
Net cash generated from investing activities	<u>28,571</u>	<u>52,723</u>
Net (decrease) in cash and cash equivalents	(769,031)	(400,245)
Cash and cash equivalents at beginning of year	6,303,694	6,703,939
Cash and cash equivalents at end of year	<u>5,534,663</u>	<u>6,303,694</u>
 Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	<u>5,534,663</u>	<u>6,303,694</u>

THE CONSERVANCY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

1. General

The Association is domiciled and incorporated in Hong Kong with limited guarantee without share capital. Under the provision of its Memorandum and Articles of Association every member shall, in the event of the Association being wound up, contribute such amount as may be required to meet the liabilities of the Association but not exceeding the sum of HK\$10.00 each.

The address of the registered office and principal place of the Association is Unit 102, 1/F., Park Building, No. 476 Castle Peak Road, Kowloon. The principal activities of the Association were promoting environmental protection during the year. The functional currency of the Association is Hong Kong dollars, and thus its financial statements are presented in Hong Kong dollars.

2. Significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

(b) Revenue recognition

Revenue comprises income from fund-raising and projects are accounted for on accrual basis.

(c) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the assets, other than legal title, to the Association. All other leases are classified as operating leases.

The Association as lessee

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

(d) Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. If not, the expenditure is treated as an expense in the period in which it is incurred.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives on a straight-line basis.

THE CONSERVANCY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(g) Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when the Association becomes a party to the contractual provisions of the instrument and measured at fair value.

(i) Accounts and other receivables are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) Cash and cash equivalents comprise cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

(iii) Accounts and other payables are subsequently measured at amortised cost, using the effective interest rate method.

3. Critical accounting estimates and judgement

The Association's management makes assumptions, estimates and judgements in the process of applying the Association's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRS for Private Entities. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

(a) Key assumption and other key sources of estimation uncertainty

In the opinion of executive committee members, there is no key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year.

(b) Critical judgements in applying the Association's accounting policies

In the opinion of executive committee members, there is no critical judgements in applying the Association's accounting policies.

THE CONSERVANCY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

4. Income

Income comprises income from fund-raising and projects are accounted for on accrual basis.

5. (Deficit)/surplus for the year

2013
\$

2012
\$

(Deficit)/surplus is arrived at after charging the following items:-

Auditor's remuneration	-	-
Executive committee members' emoluments		
- Committee members' fee	-	-
- Salaries and allowance	-	-
Staff cost		
- Salaries	4,291,848	3,910,590
- Mandatory provident fund	301,354	271,866
Depreciation	86,829	102,447
Hire of premises under operating leases	513,728	488,592
	-	-

6. Taxation

The Association has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable institution of a public character.

7. Property, plant and equipment

	Computer \$	Office equipment \$	Furniture and fixtures \$	Total \$
Cost -				
At 31.12.2012	128,155	131,881	379,201	639,237
Additions	-	-	-	-
At 31.12.2013	128,155	131,881	379,201	639,237
Accumulated depreciation -				
At 31.12.2012	116,547	124,207	106,956	347,710
Charges for the year	7,944	3,269	75,616	86,829
At 31.12.2013	124,491	127,476	182,572	434,539
Net book value -				
At 31.12.2013	3,664	4,405	196,629	204,698
At 31.12.2012	11,608	7,674	272,245	291,527

Depreciation is charges on straight line basis at the following annual rates :

Computer	30%
Office equipment	25%
Furniture and fixtures	20%

THE CONSERVANCY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

8. Amount due from a related Association

The amount due from a related Association (the balanced loans) is unsecured, interest-free and repayable on demand.

9. <u>Accounts and other receivables</u>	<u>2013</u>	<u>2012</u>
	\$	\$
Accounts receivable	4,006,348	2,860,168
Interest receivable	2,101	6,987
Rental and other deposits and prepayment	345,170	368,291
Deficit on projects in progress	259,085	544,786
	<u>4,612,704</u>	<u>3,780,232</u>

10. <u>Cash and cash equivalents</u>	<u>2013</u>	<u>2012</u>
	\$	\$
Cash at bank and in hand	1,497,060	2,298,847
Fixed deposit	4,037,603	4,004,847
	<u>5,534,663</u>	<u>6,303,694</u>

Cash and cash equivalents comprise cash at bank and in hand. The executive committee members consider that the carrying amount of these assets approximates their fair value.

11. <u>Accounts and other payables</u>	<u>2013</u>	<u>2012</u>
	\$	\$
Received in advance	743,582	848,895
Surplus on projects in progress	3,643,832	3,170,914
	<u>4,387,414</u>	<u>4,019,809</u>

12. Significant operating leasing arrangements

At the end of reporting period, the significant total future operating leasing commitment for land and buildings are payable as follows :

	<u>2013</u>	<u>2012</u>
	\$	\$
Within one year	564,000	325,728
Between two and five years	376,000	-
	<u>940,000</u>	<u>325,728</u>

THE CONSERVANCY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

13. Financial instruments

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity of the instrument.

The members of executive committee have considered the effect of the financial instruments and do not anticipate that there are any material impact or risk associated with the financial instruments that need to be accounted for in the Association's financial statements.

14. Comparative figures

Certain comparative figures have been reinstated to comply with the current year's presentation.

15. Income and expenditure for Flag Day

Purpose of fund raising

To raise fund for (1) capital expenses of services, including purchase, replacement, repair and maintenance of equipment; (2) recurrent expenses of services, including education campaign and administrative staff salary.

	<u>2013</u>	<u>2012</u>
	\$	\$
Income	305,411	-
Expenditure	10,861	-
Surplus	<u>294,550</u>	<u>-</u>

ALBERT S. C. YOUNG & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

89-93 BONHAM STRAND EAST, 2ND FL., OFFICE C, H.K.
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G.P.O. BOX NO.: 1408, HONG KONG

Date: 24 November 2014

The Conservancy Association
Unit 102, 1/F, Park Building
476 Castle Peak Road
Kowloon
Hong Kong

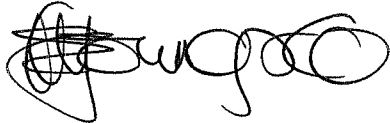
Dear Sirs,

Re: The Conservancy Association – statements of accounts, year ended 31 December 2013

We are writing to refer to the mentioned statements of accounts. We regret to inform you that due to the typing mistake, the figures in the notes to the financial statements no. 15 regarding the income and expenditure for Flag Day were incorrectly printed. Attached please find the revised page for your easy reference.

We are deeply appologized for any inconvenience caused.

Yours faithfully,



.....
Albert S. C. Young & Co.

THE CONSERVANCY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

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	<u>2013</u>	<u>2012</u>
	\$	\$
Income	305,441	-
Expenditure	10,861	-
Surplus	<u>294,580</u>	<u>-</u>