

**THE CONSERVANCY ASSOCIATION**  
長春社

**STATEMENTS OF ACCOUNTS**

**For the year ended 31st December 2014**

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 2014.

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 2014 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, Kim (resigned on 27/6/2014)  
Dr. CHUNG Shan Shan  
Mr. FAN Jor Ching (appointed on 27/6/2014)  
Dr. HAU Chi Hang  
Ms. HO Siu Fong  
Dr. HUNG Wing Tat  
Dr. KWOK Ngai Kuen (appointed on 27/6/2014)  
Mr. LAI Kwong Tak, Albert  
Mr. LAM Kin Lai  
Dr. LAW Winnie Wai Yi  
Dr. NG Cho Nam  
Mr. WAN Kwok Wai, Martin  
Mr. YAN Wa Tat  
Mr. YICK Wing Fat, Simon

In accordance with the Articles no. 42 & 46 of Association, the names should be as Mr. CHAN Chit Kwai, Stephen; Dr. CHUNG Shan Shan; Dr. HAU Chi Hang; Ms. HO Siu Fong; Dr. HUNG Wing Tat; Dr. LAW Winnie Wai Yi and Mr. YAN Wa Tat 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.

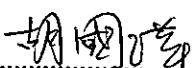
Executive committee members' interests in contracts

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

  
.....  
WOO Kwok Ping  
Chairman  
Hong Kong, 20 MAY 2015

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, 2<sup>nd</sup> Floor, Office C, Man Lok Building, Hong Kong.

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

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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 2014 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 predecessor Hong Kong Companies Ordinance (Cap. 32) pursuant to section 80 of Schedule 11 to 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.

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, 2<sup>nd</sup> Floor, Office C, Man Lok Building, Hong Kong.

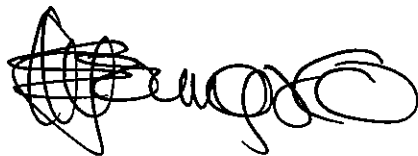
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE CONSERVANCY ASSOCIATION

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**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 2014 and of its surplus 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.



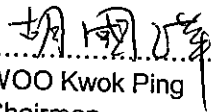
.....  
Albert S. C. Young & Company,  
Certified Public Accountants.

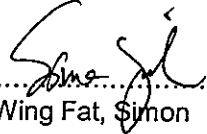
Hong Kong, 20 MAY 2015

**THE CONSERVANCY ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION at 31st December 2014**

	Note	2014 \$	2013 \$
<b>Non-current assets</b>			
Property, plant and equipment	7	154,753	204,698
Amount due from related association	8	500,000	550,000
		654,753	754,698
<b>Current assets</b>			
Accounts and other receivables	9	2,053,211	4,612,704
Cash and cash equivalents	10	13,725,665	5,534,663
		15,778,876	10,147,367
<b>Current liabilities</b>			
Accounts payable and receipts in advance	11	9,107,429	4,387,414
<b>Net current assets</b>		6,671,447	5,759,953
<b>Net assets</b>		7,326,200	6,514,651
 <b>GENERAL FUND</b>			
Accumulated surplus		7,326,200	6,514,651

The financial statements on pages 4 to 12 were approved and authorised for issue by the Board of Executive Committees on **20 MAY 2015**

  
 .....  
 WOO Kwok Ping  
 Chairman

  
 .....  
 YICK Wing Fat, Simon  
 Honorary treasurer

**THE CONSERVANCY ASSOCIATION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31st December 2014**

	Note	<u>2014</u> \$	<u>2013</u> \$
Income	4	13,286,039	14,313,848
Expenditure			
Projects		5,822,650	8,635,409
Operating and administrative		6,651,840	6,119,432
		<u>12,474,490</u>	<u>14,754,841</u>
Surplus/(deficit) for the year	5	811,549	(440,993)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<u>811,549</u>	<u>(440,993)</u>

THE CONSERVANCY ASSOCIATION  
STATEMENT OF CHANGES IN EQUITY  
For the year ended 31st December 2014

	<u>Accumulated surplus</u>
	<u>\$</u>
Balance at 31.12.2012	6,955,644
Total comprehensive loss for the year	(440,993)
Balance at 31.12.2013	<u>6,514,651</u>
Total comprehensive income for the year	811,549
Balance at 31.12.2014	<u><u>7,326,200</u></u>

**THE CONSERVANCY ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31st December 2014**

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>Cash flows from operating activities</b>		
Surplus/(deficit) for the year	811,549	(440,993)
Adjustments for:		
Depreciation	85,163	86,829
Bank interest income	(48,617)	(28,571)
Operating cash flows before movements in working capital	<u>848,095</u>	<u>(382,735)</u>
Decrease in amount due from a related association	50,000	50,000
Decrease/(increase) in accounts and other receivables	2,559,493	(832,472)
Increase in accounts payable and receipts in advance	4,720,015	367,605
Net cash generated from/(used in) operating activities	<u>8,177,603</u>	<u>(797,602)</u>
<b>Cash flows from investing activities</b>		
Bank interest income	48,617	28,571
Purchase of property, plant and equipment	(35,218)	-
Net cash generated from investing activities	<u>13,399</u>	<u>28,571</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	8,191,002	(769,031)
<b>Cash and cash equivalents at beginning of year</b>	5,534,663	6,303,694
<b>Cash and cash equivalents at end of year</b>	<u>13,725,665</u>	<u>5,534,663</u>
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash at bank and in hand	<u>13,725,665</u>	<u>5,534,663</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 (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for this financial year continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. They have been prepared under the historical cost convention and on the going concern basis.

(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. Surplus/(deficit) for the year

	<u>2014</u>	<u>2013</u>
	\$	\$
Surplus/(deficit) is arrived at after charging the following items:-		
Auditor's remuneration	-	-
Executive committee members' emoluments		
- Committee members' fee	-	-
- Salaries and allowance	-	-
Staff cost		
- Salaries	4,682,226	4,291,848
- Mandatory provident funds contribution	308,610	301,354
Depreciation	85,163	86,829
Hire of premises under operating leases	564,000	513,728
	4,682,226	4,291,848

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

	<u>Computer</u>	<u>Office equipment</u>	<u>Furniture and fixtures</u>	<u>Total</u>
	\$	\$	\$	\$
Cost -				
At 31.12.2013	128,155	131,881	379,201	639,237
Additions	-	2,398	32,820	35,218
At 31.12.2014	128,155	134,279	412,021	674,455
Accumulated depreciation -				
At 31.12.2013	124,491	127,476	182,572	434,539
Charges for the year	3,424	2,841	78,898	85,163
At 31.12.2014	127,915	130,317	261,470	519,702
Net book value -				
At 31.12.2014	240	3,962	150,551	154,753
At 31.12.2013	3,664	4,405	196,629	204,698

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. Accounts and other receivables

	<u>2014</u>	<u>2013</u>
	\$	\$
Accounts receivable	1,501,807	4,006,348
Interest receivable	14,541	2,101
Rental and other deposits and prepayment	406,566	345,170
... Deficit on projects in progress	130,297	259,085
	<u>2,053,211</u>	<u>4,612,704</u>

10. Cash and cash equivalents

Cash at bank and in hand	7,653,769	1,497,060
Fixed deposit	6,071,896	4,037,603
	<u>13,725,665</u>	<u>5,534,663</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. Accounts payable and receipts in advance

Receipts in advance	837,194	743,582
Surplus on projects in progress	8,270,235	3,643,832
	<u>9,107,429</u>	<u>4,387,414</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 :

Within one year	376,000	564,000
Between two and five years	-	376,000
	<u>376,000</u>	<u>940,000</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. 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>2014</u>	<u>2013</u>
	\$	\$
Income	375,390	305,441
Expenditure	(10,848)	(10,861)
Surplus	<u>364,542</u>	<u>294,580</u>