

YUEN LONG PUBLIC MIDDLE SCHOOL
ALUMNI ASSOCIATION

DIRECTORS' REPORT AND THE AUDITED ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2017

FINANCIAL STATEMENTS

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杜紹昭會計師事務所

S. C. TO & CO.

CERTIFIED PUBLIC ACCOUNTANTS
(PRACTISING)
HONG KONG

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

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YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

REPORT OF THE DIRECTORS

The directors hereby submit their annual report together with the audited financial statements of the Association for the year ended 31st August 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Association is to promote the welfare of the members of the Association.

BUSINESS REVIEW

The Association falls within reporting exemption for the financial year. Accordingly, the Association is exempted from preparing a business review.

DONATIONS

During the year, the Association made charitable donations totalling HK\$307,462.96.

DIRECTORS

The directors in office during the year and up to the date of this report are:

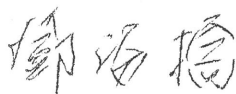
Tang Hoi Kiu
Chan Chiu Hung
Chan Hoi Ki
Chan Kwok Ning
Chan Wan Fai
Lam King Tong
Man Chi Yam
Shiu Sik Cheung
Sin Yuen Nga
So Ka Leung
Tang Siu Hong
Wong Chun Josephine
Wong Mei Chun
Yan Kam Sun Charlie

In accordance with article 40 of the Association's articles of association in connection with the retirement of directors by rotation, the existing directors shall hold office for a term of 2 years and shall, retire and, being eligible, offer themselves for re-election.

AUDITORS

The auditors, S. C. TO & CO., Certified Public Accountants (Practising), retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Tang Hoi Kiu
Chairman

Date: 28th March 2018

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)**

Opinion

We have audited the financial statements of YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION ("the Association") set out on pages 5 to 13, which comprise the statement of financial position as at 31st August 2017, and the income and expenditure account 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 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 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 are responsible for the other information. The other information comprises the information included in 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(cont'd)
(A company limited by guarantee and not having a share capital)**

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors 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 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.

Those charged with governance are responsible for overseeing the Association'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 and to report our opinion 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 liabilities 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.
- 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.

S. C. TO & CO.
CERTIFIED PUBLIC ACCOUNTANTS
(PRACTISING)

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(cont'd)
(A company limited by guarantee and not having a share capital)**

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.



S. C. TO & CO.
Certified Public Accountants (Practising)

Hong Kong, 28th March 2018

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 2017

	Note	2017 HK\$	2016 HK\$
Income	3	1,307,239.59	2,042,073.13
Other income	4	26,292.67	108,401.64
Administrative expenses		(1,328,645.20)	(1,981,704.01)
Other operating expenses		(2,926.92)	(3,142.70)
Surplus before tax	5	1,960.14	165,628.06
Income tax expense	7	-	-
Surplus for the year	12	1,960.14	165,628.06

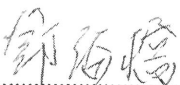
The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

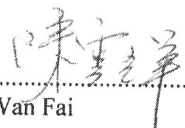
YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

STATEMENT OF FINANCIAL POSITION
AT 31ST AUGUST 2017

	Note	2017 HK\$	2016 HK\$
NON-CURRENT ASSETS			
Loans receivable	8	-	1,513,326.62
CURRENT ASSETS			
Other debtors and prepaid expenses	9	900,000.00	900,000.00
Cash and bank balances		3,378,574.50	1,863,287.74
		4,278,574.50	2,763,287.74
CURRENT LIABILITIES			
Other creditors and accruals	11	19,700.00	19,700.00
NET CURRENT ASSETS			
		4,258,874.50	2,743,587.74
TOTAL NET ASSETS			
		4,258,874.50	4,256,914.36
GENERAL FUNDS			
Reserves	13	307,080.00	307,080.00
Accumulated surpluses	12	3,951,794.50	3,949,834.36
TOTAL FUNDS			
		4,258,874.50	4,256,914.36

The financial statements on pages 5 to 13 were approved and authorised for issue by the Board of Directors on 28th March 2018 and are signed on its behalf by:


.....
Tang Hoi Kiu
Director


.....
Chan Wan Fai
Director

The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

1. REPORTING ENTITY

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION is a company limited by guarantee and not having a share capital. The Association's registered office is located at No. 2 Town Park Road North, Yuen Long, N.T. The principal activity of the Association is to promote the welfare of the members of the Association.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Association qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622). The Association is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (the "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 base 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) Income

Income represents membership fee income, donation income and functional activities income received and receivable.

(b) Trade and other receivables

Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income and expenditure account.

(c) Income tax

No provision for Hong Kong profits tax is made in the financial statements as the Association is a charitable institution which is exempted from profits tax under section 88 of the Inland Revenue Ordinance.

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

(d) Foreign currencies

The reporting currency of the Association is Hong Kong Dollars, which is the currency of the primary economic environment in which the Association operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income and expenditure account.

(e) Recognition of revenue

Revenue consists of turnover and other revenue but excludes the reversal of impairment and/or provision. Turnover comprises revenue generated from the principal activities of the Association. Other revenue includes exchange gain (net of exchange loss) and gain on disposal of capital assets.

Revenue is recognised as income when it is probable that the economic benefits associated with transaction will flow to the Association and when the amount of revenue as well as costs incurred for the transaction can be measured reliable. Revenue is measured at fair value of the consideration received or receivable and is shown net of discounts, rebates, returns and sales-related taxes on the following bases:

Membership fee income, donation income and functional activities income are recognised when received or receivable.

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest rates applicable.

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

(f) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (the "reporting entity").

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity 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 entity 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 reporting entity or an entity related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(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).

3. INCOME

An analysis of the Association's revenue is as follows:

	2017	2016
	HK\$	HK\$
Membership fee income	5,640.00	7,680.00
Donation income	242,914.85	436,033.18
Functional activities income	1,058,684.74	1,598,359.95
	<u>1,307,239.59</u>	<u>2,042,073.13</u>

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

4. OTHER INCOME

	2017	2016
	HK\$	HK\$
Sundry income	26,205.41	36,242.21
Interest received - others	-	72,063.17
Interest received - bank	87.26	96.26
	<u>26,292.67</u>	<u>108,401.64</u>

5. SURPLUS BEFORE TAX

	2017	2016
	HK\$	HK\$
Surplus before tax is arrived at:		
After charging:		
Auditors' remuneration	5,200.00	5,200.00
Operating leases:		
Rent	-	17,620.97
Exchange loss	1,546.92	1,962.70
	<u>1,546.92</u>	<u>1,962.70</u>

6. DIRECTORS' EMOLUMENTS

The directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2017	2016
	HK\$	HK\$
Fees	-	-
Directors' salaries, allowances and other benefits in kinds	-	-
	<u>-</u>	<u>-</u>

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax is made in the financial statements as the Association is a charitable institution which is exempted from profits tax under section 88 of the Inland Revenue Ordinance.

8. LOANS RECEIVABLE

	2017	2016
	HK\$	HK\$
Loans to a related company (Note 10)	-	1,513,326.62
	<u>-</u>	<u>1,513,326.62</u>

9. OTHER DEBTORS AND PREPAID EXPENSES

	2017	2016
	HK\$	HK\$
Amounts due from a related company (Note 10)	900,000.00	900,000.00
	<u>900,000.00</u>	<u>900,000.00</u>

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

10. LOANS MADE BY THE ASSOCIATION

Loans made by the Association disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:

Name of company	Balance at 31st August 2017 HK\$	Balance at 31st August 2016 and 1st September 2016 HK\$	Balance at 1st September 2015 HK\$	Maximum outstanding during 2017 HK\$	Maximum outstanding during 2016 HK\$
Yuen Long Public Middle School Alumni Association Endowment Fund Limited	900,000.00	900,000.00	900,000.00	900,000.00	900,000.00
Alumni Club House (YLPMS) Limited	-	1,513,326.62	1,458,884.42	1,513,326.62	1,513,326.62
	<u>900,000.00</u>	<u>2,413,326.62</u>	<u>2,358,884.42</u>		

Amounts due from a related company are unsecured, interest free and have no fixed terms of repayment. Loans to a related company are unsecured, interest bearing at the best lending rates per annum and repayable within 5 years. There was no amount due but unpaid, nor any provision made against the principal amount of or interest on these loans at 31st August 2016 and 31st August 2017.

Chan Wan Fai, Man Chi Yam and Tang Hoi Kiu, directors of the Association, have beneficial interests in the related companies.

11. OTHER CREDITORS AND ACCRUALS

	2017 HK\$	2016 HK\$
Deposits received	12,000.00	12,000.00
Accrued expenses	7,700.00	7,700.00
	<u>19,700.00</u>	<u>19,700.00</u>

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

12. CHANGES IN EQUITY

	Reserves (Note 13) HK\$	Accumulated surpluses HK\$	Total HK\$
Balance at 1st September 2015	309,080.00	3,784,206.30	4,093,286.30
Utilised in current year	(2,000.00)	-	(2,000.00)
Surplus for the year	-	165,628.06	165,628.06
Balance at 31st August 2016	<u>307,080.00</u>	<u>3,949,834.36</u>	<u>4,256,914.36</u>
Balance at 1st September 2016	307,080.00	3,949,834.36	4,256,914.36
Surplus for the year	-	1,960.14	1,960.14
Balance at 31st August 2017	<u>307,080.00</u>	<u>3,951,794.50</u>	<u>4,258,874.50</u>

13. RESERVES

	Education Fund HK\$	Inter-School Teacher Interflow Programme Fund HK\$	Total HK\$
Balance at 1st September 2015	300,000.00	9,080.00	309,080.00
Utilised in current year	-	(2,000.00)	(2,000.00)
Balance at 31st August 2016	<u>300,000.00</u>	<u>7,080.00</u>	<u>307,080.00</u>
Balance at 1st September 2016	300,000.00	7,080.00	307,080.00
Balance at 31st August 2017	<u>300,000.00</u>	<u>7,080.00</u>	<u>307,080.00</u>

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

14. RELATED PARTY TRANSACTIONS

Details of the Association's significant transactions with the following related parties during the year, together with balances with them as at 31st August 2017, are as follows:

	2017	2016
	HK\$	HK\$
Amounts due from a related company (Note 10)	900,000.00	900,000.00
Loans to a related company (Note 10)	-	1,513,326.62
Loan interest received from a related company	-	72,063.17
Rent paid to a related company	-	17,620.97

Chan Wan Fai, Man Chi Yam and Tang Hoi Kiu, directors of the Association, have beneficial interests in the related companies.

The directors of the Association are of the opinion that the above transactions were entered into on an arm's length basis.

Amounts due from a related company are unsecured, interest free and have no fixed terms of repayment. Loans to a related company are unsecured, interest bearing at the best lending rates per annum and repayable within 5 years.

15. CONTINGENT LIABILITIES

The Association had no significant contingent liabilities as at 31st August 2017.

16. CAPITAL COMMITMENTS

The Association had no significant capital commitment as at 31st August 2017.

17. OPERATING LEASE ARRANGEMENTS

The Association as lessee:

	2017	2016
	HK\$	HK\$
In respect of the leases:		
Total minimum lease payments under operating leases recognised as expenses for the year	-	17,620.97

The Association had no significant operating lease commitments as at 31st August 2017.

18. COMPARATIVE FIGURES

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

YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION
(A company limited by guarantee and not having a share capital)

DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 2017

	2017	2016
	HKS	HKS
INCOME	1,307,239.59	2,042,073.13
ADD: OTHER INCOME		
Sundry income	26,205.41	36,242.21
Interest received - others	-	72,063.17
Interest received - bank	87.26	96.26
	26,292.67	108,401.64
TOTAL INCOME	1,333,532.26	2,150,474.77
LESS: ADMINISTRATIVE EXPENSES		
Accountancy fee	2,500.00	2,500.00
Auditors' remuneration	5,200.00	5,200.00
Donations to school and affiliate	307,462.96	525,893.98
Functional activities expenses	974,996.04	1,382,092.46
Legal and professional fee	-	13,812.00
Printing and stationery	1,220.20	1,067.00
Promotion expenses	14,000.00	15,500.00
Postage and courier expenses	2,325.60	4,082.60
Rent paid	-	17,620.97
Secretarial fee	2,700.00	-
Sundry expenses	18,240.40	13,935.00
	1,328,645.20	1,981,704.01
LESS: OTHER OPERATING EXPENSES		
Bank charges	1,380.00	1,180.00
Loss on foreign exchange	1,546.92	1,962.70
	2,926.92	3,142.70
SURPLUS BEFORE TAX	1,960.14	165,628.06

The above detailed income and expenditure account
was prepared for management purposes only and
does not form part of the audited financial statements