

愛德循環運動
CHAIN OF CHARITY MOVEMENT

REPORTS AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

HUNG CHI YUEN, ANDREW
Certified Public Accountant (Practising)

CHAIN OF CHARITY MOVEMENT 愛德循環運動
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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CHAIN OF CHARITY MOVEMENT 愛德循環運動
(Incorporated in Hong Kong and limited by guarantee)

REPORT OF THE BOARD

The board of directors present their report and the audited financial statements of the association for the year ended 31 March 2019.

Principal activity

The principal activity of the association is to provide non-profitable charity services in Hong Kong.

Results and state of affairs

The surplus of the association for the year ended 31 March 2019 and the state of its affairs as at that date are set out in the financial statements on pages 5 to 13.

Fixed assets

Details of the movements in fixed assets during the year are set out in Note 5 to the financial statements.

Board members

The board members in office during the year and up to the date of this report were as follows:-

Ho Suk Ying
Leung Joan Sabrina Lai Han
Leung To On
Lee Soo Chun Janine
Lo Wing Ling
Lee Kin Yuen Dominic
Leung Yen Jing (appointed on 7 September 2018)
Kung Wai Kan Louis (resigned on 7 September 2018)

According to Article 35 of the association's Articles of Association, all board members retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Permitted indemnity provision

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more board members of the association.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more board members of the association.

Management contract

At no time during the financial year was there any management contract in place which undertakes the management and/or administration of the association, for the benefit of one or more board 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.

CHAIN OF CHARITY MOVEMENT 愛德循環運動
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REPORT OF THE BOARD (CONTINUED)

Equity-linked arrangements

During the financial year, the association entered into no equity-linked agreement. At the end of the financial year, the association subsisted of no equity-linked agreement.

Auditor

Messrs. Hung Chi Yuen, Andrew, Certified Public Accountant (Practising) retires and a resolution for their re-appointment as an auditor of the association will be proposed at the forthcoming annual general meeting.

By order of the Board

X *Janine Lee* X

Lee Soo Chun Janine
Chairman

Hong Kong
6 September 2019

HUNG CHI YUEN, ANDREW
Certified Public Accountant (Practising)

Room 1406, 14/F., Solo Building, 41-43 Carnarvon Road, Tsim Sha Tsui, Kowloon, Hong Kong

Tel: 3996 8974

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INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

TO THE MEMBERS OF CHAIN OF CHARITY MOVEMENT
(Incorporated in Hong Kong and limited by guarantee)

I have audited the financial statements of Chain of Charity Movement (“the association”) set out on pages 5 to 13, which comprise the statement of financial position as at 31 March 2019, and the income statement, the statement of changes in funds and the 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 of the association are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of 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

My responsibility is to express an opinion on these financial statements based on my audit and to report my opinion solely to you, as a body, in accordance with section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap 622), and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of this report.

I conducted my audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that I 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 judgement, 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 association's preparation of the 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 association'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.

HUNG CHI YUEN, ANDREW
Certified Public Accountant (Practising)

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INDEPENDENT AUDITOR'S REPORT 獨立核數師報告 (CONTINUED)

TO THE MEMBERS OF CHAIN OF CHARITY MOVEMENT
(Incorporated in Hong Kong and limited by guarantee)

AUDITOR'S RESPONSIBILITY (CONTINUED)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the state of affairs of the association as at 31 March 2019 and of its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Hung Chi Yuen, Andrew
Certified Public Accountant (Practising)
Practising Certificate No. 4599
Hong Kong
6 September 2019

CHAIN OF CHARITY MOVEMENT 愛德循環運動**INCOME STATEMENT 收益表****FOR THE YEAR ENDED 31 MARCH 2019 二零一九年三月三十一日止年度**

	NOTE 附註	2019 HK\$ 港元	2018 HK\$ 港元
DONATIONS AND SUBSCRIPTIONS			
捐款和會費			
		1,541,000.00	1,496,100.00
Charity fund from The Community Chest of Hong Kong 香港公益金慈善捐款			
Donations received from others 其他已收捐款		27,263.20	46,176.30
Members' subscription fees received 已收會員年費		630.00	750.00
		<u>1,568,893.20</u>	<u>1,543,026.30</u>
OTHER INCOME			
其他收入			
Bank interest received 已收銀行利息		323.18	21.80
Sundry income 雜項收益		7,844.20	13,395.00
		<u>8,167.38</u>	<u>13,416.80</u>
TOTAL INCOME 總收入		<u>1,577,060.58</u>	<u>1,556,443.10</u>
ADMINISTRATIVE EXPENSES 行政開支	3	1,539,095.35	1,561,836.08
OTHER OPERATING EXPENSES 其他營運開支	4	50,709.60	60,926.43
TOTAL EXPENSES 總開支		<u>1,589,804.95</u>	<u>1,622,762.51</u>
DEFICIT FOR THE YEAR, TRANSFERRED TO ACCUMULATED FUND 本年度虧損撥入累積基金	6	<u>(12,744.37)</u>	<u>(66,319.41)</u>

The notes on page 9 to 13 form an integral part of these financial statements.
載於第9至13頁之附註構成此等財務報表其中部份。


CHAIN OF CHARITY MOVEMENT 愛德循環運動

STATEMENT OF FINANCIAL POSITION 財務狀況表
AT 31 MARCH 2019 於二零一九年三月三十一日

	NOTE 附註	2019 HK\$ 港元	2018 HK\$ 港元
ASSETS 資產			
Non-current assets 非流動資產			
Fixed assets 固定資產	5	14,928.70	14,147.33
Current assets 流動資產			
Account receivables 應收款		1,987.10	3,057.00
Deposit and prepayments 按金和預付款項		9,202.58	14,615.91
Cash and bank balances 現金和銀行結餘		984,192.67	1,074,968.68
		<u>995,382.35</u>	<u>1,092,641.59</u>
Total assets 總資產		<u>1,010,311.05</u>	<u>1,106,788.92</u>
CAPITAL AND RESERVES 資本及儲備			
Accumulated fund 累積基金	6	818,822.35	831,566.72
Subsidy fund 津貼基金			
Subsidy fund for escort services 護送服務津貼基金	7	-	(4,382.70)
Fortune Pharmacal Lai Yung Kwoon subsidy fund 幸福醫藥黎用冠慈善基金	8	183,149.70	270,979.00
		<u>183,149.70</u>	<u>266,596.30</u>
Total funds 總基金		<u>1,001,972.05</u>	<u>1,098,163.02</u>
Current liabilities 流動負債			
Accounts payable 應付賬款		8,339.00	8,625.90
Total funds and liabilities 總基金及負債		<u>1,010,311.05</u>	<u>1,106,788.92</u>

The notes on page 9 to 13 form an integral part of these financial statements.
 載於第9至13頁之附註構成此等財務報表其中部份。

Approved and authorized for issue by the board of directors on 6 September 2019.
 於二零一九年九月六日經由董事會批准及授權刊發。


 Director 董事


 Director 董事

CHAIN OF CHARITY MOVEMENT 愛德循環運動

STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 MARCH 2019

	HK\$
Balance at 1 April 2017	1,181,658.93
Net deficits not recognised in the income statement:	
Increase/(Decrease) in other fund accounts:	
Subsidy fund for escort services	1,103.20
Fortune Pharmacal Lai Yung Kwoon subsidy fund	<u>(18,279.70)</u>
	<u>(17,176.50)</u>
Deficit for the year	<u>(66,319.41)</u>
Balance at 31 March 2018 and at 1 April 2018	1,098,163.02
Net deficits recognised in the income statement:	
Increase in other fund accounts:	
Subsidy fund for escort services	4,382.70
Net deficits not recognised in the income statement:	
Decrease in other fund accounts:	
Fortune Pharmacal Lai Yung Kwoon subsidy fund	(87,829.30)
Deficit for the year	<u>(12,744.37)</u>
Balance at 31 March 2019	<u><u>1,001,972.05</u></u>

CHAIN OF CHARITY MOVEMENT 愛德循環運動**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 HK\$	2018 HK\$
OPERATING ACTIVITIES		
Deficit for the year	(12,744.37)	(66,319.41)
Adjustments for:		
Depreciation	13,431.68	9,760.33
Bank interest income	<u>(323.18)</u>	<u>(21.80)</u>
Operating cash flows before movements in working capital	364.13	(56,580.88)
Decrease/(Increase) in accounts receivables	1,069.90	(3,057.00)
Decrease in deposits and prepayments	5,413.33	2,451.40
Decrease in accounts payable	<u>(286.90)</u>	<u>(785.90)</u>
Net cash inflow/(outflow) from operating activities	<u>6,560.46</u>	<u>(57,972.38)</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	(14,213.05)	(16,360.00)
Bank interest income	323.18	21.80
Net cash outflow in investing activities	<u>(13,889.87)</u>	<u>(16,338.20)</u>
FINANCING ACTIVITIES		
Decrease in subsidy funds	<u>(83,446.60)</u>	<u>(17,176.50)</u>
Net outflow from financing activities	<u>(83,446.60)</u>	<u>(17,176.50)</u>
Net decrease in cash and cash equivalent	(90,776.01)	(91,487.08)
Cash and cash equivalent at the beginning of the year	<u>1,074,968.68</u>	<u>1,166,455.76</u>
Cash and cash equivalent at the end of the year	<u>984,192.67</u>	<u>1,074,968.68</u>

CHAIN OF CHARITY MOVEMENT 愛德循環運動

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION

The association was incorporated under the Companies Ordinance and is limited by guarantee. The association has been registered under Section 88 of the Inland Revenue Ordinance as an exempted charitable body.

The association provides reliable and free community support for the poor and the deprived.

On 22 January 1997, the association obtained approval from the Registrar of Companies under Section 21 of the Companies Ordinance to dispense with the word “Limited” and to change its name from “Chain of Charity Movement Limited” to “Chain of Charity Movement”.

In accordance with Clause 4(3) of the association’s Memorandum of Association, no remuneration was paid to the members of the board of directors of the association during the year.

According to Clause 5 of the association’s Memorandum of Association, the liability of the members is limited.

According to Clause 6 of the association’s Memorandum of Association, every member of the association undertakes to contribute to the assets of the association, in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the association contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustments of the right of the contributories among themselves, such amount as may be required not exceeding one hundred dollars Hong Kong currency.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which in collective term include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These statements have been prepared under the historical cost convention.

CHAIN OF CHARITY MOVEMENT 愛德循環運動

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of fixed assets less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Furniture and equipment	1/3
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(c) Accounts payable

Accounts payables are initially recognized at fair value and thereafter carried at amortized cost unless the effect of discounting would be immaterial, in which case they are carried at cost.

(d) Recognition of income

Charity fund from The Community Chest of Hong Kong is recognized on the basis of amounts received and receivable.

Income from donations and members' subscriptions is recognized at the time of receipts.

(e) Employee retirement benefits

The association operates a Mandatory Provident Fund Scheme. Contributions to the above defined contribution scheme are charged to the income statement as incurred.

(f) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing party are accounted for as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

CHAIN OF CHARITY MOVEMENT 愛德循環運動

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. ADMINISTRATIVE EXPENSES

	2019 HK\$	2018 HK\$
Auditors' remuneration	6,300.00	6,300.00
Staff salaries and allowances	1,316,128.68	1,324,869.55
Contributions to Mandatory Provident Fund	59,224.71	66,914.93
Electricity and water	11,585.50	9,405.70
Telephone and internet charges	16,266.33	15,233.40
Rent and rates	63,860.00	69,380.00
Insurance	15,170.03	18,372.70
Postage	17,858.10	17,945.40
Printing and stationery	21,584.10	22,655.00
Sundry expenses	11,117.90	10,759.40
	<u>1,539,095.35</u>	<u>1,561,836.08</u>

4. OTHER OPERATING EXPENSES

	2019 HK\$	2018 HK\$
Deficit on programs and activities (Note 9)	32,895.22	51,166.10
Deficit on subsidy fund for escort services (Note 7)	4,382.70	-
Depreciation	13,431.68	9,760.33
	<u>50,709.60</u>	<u>60,926.43</u>

5. FIXED ASSETS

	2019 HK\$	2018 HK\$
<u>Furniture and equipment</u>		
Cost		
At 1/4	65,675.00	49,315.00
Additions	14,213.05	16,360.00
At 31/3	<u>79,888.05</u>	<u>65,675.00</u>
Accumulated depreciation		
At 1/4	51,527.67	41,767.34
Charge for the year	13,431.68	9,760.33
At 31/3	<u>64,959.35</u>	<u>51,527.67</u>
Net book value		
At 31/3	<u>14,928.70</u>	<u>14,147.33</u>

CHAIN OF CHARITY MOVEMENT 愛德循環運動

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

6. ACCUMULATED FUND

	2019 HK\$	2018 HK\$
Credit balance at 1/4	831,566.72	897,886.13
Deficit for the year, transferred from income statement	<u>(12,744.37)</u>	<u>(66,319.41)</u>
Credit balance at 31/3	<u>818,822.35</u>	<u>831,566.72</u>

7. SUBSIDY FUND FOR ESCORT SERVICES

The fund was financed by Oriental Daily News Charitable Fund and was used to subsidize the traveling expenses incurred by the volunteers for the association's escort services.

	2019 HK\$	2018 HK\$
Details of the fund are as follows:-		
Debit balance at 1/4	(4,382.70)	(5,485.90)
Add: Donations received	-	3,388.20
Deficit recognised in income statement	<u>4,382.70</u>	<u>-</u>
	-	(2,097.70)
Less: Traveling expenses	<u>-</u>	<u>(2,285.00)</u>
Debit balance at 31/3	<u>-</u>	<u>(4,382.70)</u>

8. FORTUNE PHARMACAL LAI YUNG KWON SUBSIDY FUND

The fund was financed by Fortune Pharmacal Lai Yung Kwoon Foundation Limited and was used to subsidize the expenditure for the association's escort and community care services.

	2019 HK\$	2018 HK\$
Details of the fund are as follows:-		
Credit balance at 1/4	270,979.00	289,258.70
Add: Donations received	<u>-</u>	<u>65,000.00</u>
	270,979.00	354,258.70
Less: Expenditure	<u>(87,829.30)</u>	<u>(83,279.70)</u>
Credit balance at 31/3	<u>183,149.70</u>	<u>270,979.00</u>

CHAIN OF CHARITY MOVEMENT 愛德循環運動

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9. DEFICIT ON PROGRAMS AND ACTIVITIES

Details of the surplus/(deficit) on programs and activities for the year are as follows:-

Program and activities	Income HK\$	Expenditure HK\$	2019 Surplus/ (Deficit) HK\$	2018 Surplus/ (Deficit) HK\$
Children/Youth	5,418.00	(8,605.10)	(3,187.10)	(11,171.50)
Elderly	28,960.00	(39,828.62)	(10,868.62)	(23,577.50)
Volunteers' gathering/ outdoors	3,700.00	(20,553.80)	(16,853.80)	(12,681.00)
Interest group/training	<u>960.00</u>	<u>(2,945.70)</u>	<u>(1,985.70)</u>	<u>(3,736.10)</u>
	<u>39,038.00</u>	<u>(71,933.22)</u>	<u>(32,895.22)</u>	<u>(51,166.10)</u>

10. COMMITMENTS UNDER OPERATING LEASE

At the balance sheet date, the association (as lessee) had commitments for future minimum lease payments under non-cancelable operating lease of land and buildings as follows:-

	2019 HK\$	2018 HK\$
Commitments of rent payable under operating lease:		
Within one year	67,860.00	63,860.00
In the second to fifth years inclusive	<u>147,720.00</u>	<u>-</u>
	<u>215,580.00</u>	<u>63,860.00</u>