

**HONG KONG RECREATION MANAGEMENT
ASSOCIATION LIMITED**

**REPORT OF THE EXECUTIVE COMMITTEE AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

DRAFT

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

**REPORT OF THE EXECUTIVE COMMITTEE AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

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HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

The members of the executive committee have pleasure in submitting their report together with the audited financial statements for the year ended 31st December, 2015.

PRINCIPAL ACTIVITY

The principal activity of the company is to promote, support and encourage education in recreation management.

RESULTS AND APPROPRIATIONS

The results of the company for the year are set out in the income statement on page 5.

EXECUTIVE COMMITTEE

The members of the executive committee of the company during the year were :

CHAN Joyce
CHEUNG Kwok Kee, Paul
HUANG Ling To, Lester
KWONG Man Lung
LAM Huen Sum, Michael
LAU Wing Chung, Patrick
LEUNG King Fat
LI Sai Sum, Sam
WONG Ka Yee, Allison
WONG Tat Ming, Richard
WOO Wai Man, Johnny
YEUNG Sheh Kwong, Donny

In accordance with Article 38 of the company's Articles of Association, all retiring members of the executive committee shall be eligible for re-election.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year nor at the time of approval of this report were there any permitted indemnity provisions in force for the benefit of the executive committee members of the company.

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

REPORT OF THE EXECUTIVE COMMITTEE (CONT'D)

EQUITY- LINKED ARRANGEMENTS

At no time during the financial year nor at the time of approval of this report were there any equity-linked arrangements entered into by the company.

MANAGEMENT CONTRACTS

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

AUDITOR

The financial statements have been audited by Lau & Au Yeung C.P.A. Limited who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board

Woo Wai Man, Johnny
Chairman

HONG KONG,

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED
(incorporated in Hong Kong and limited by guarantee)**

We have audited the financial statements of Hong Kong Recreation Management Association Limited set out on pages 5 to 11, which comprise the statement of financial position as at 31st December, 2015, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Executive committee's responsibility for the financial statements

The members of the executive committee are responsible for the preparation of these 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 ("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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing 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. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED
(incorporated in Hong Kong and limited by guarantee)**

Auditor's responsibility (cont'd)

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the executive committee, 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.

Opinion

In our opinion, the financial statements of the company for the year ended 31st December, 2015 are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

LAU & AU YEUNG C.P.A. LIMITED
Certified Public Accountants
HONG KONG,

Chan Lok Sang, Director
Practising Certificate Number : P01993

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

	Note	2015 HK\$	2014 HK\$
REVENUE	3	250,776	400,275
ADMINISTRATIVE EXPENSES (GENERAL FUND)	4	(158,527)	(177,212)
EVENTS' EXPENDITURE	5	(58,161)	(201,115)
SURPLUS FOR THE YEAR		<u>34,088</u>	<u>21,948</u>

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

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HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2015**

	Note	2015 HK\$	2014 HK\$
CURRENT ASSETS			
Accounts and other receivables		11,850	5,900
Deposits and prepayments		28,069	3,721
Cash and bank balances		515,830	457,615
		<u>555,749</u>	<u>467,236</u>
LESS : CURRENT LIABILITIES			
Accounts payable		10,000	10,075
Receipts in advance		56,000	1,500
		<u>66,000</u>	<u>11,575</u>
NET CURRENT ASSETS		<u>489,749</u>	<u>455,661</u>
EQUITY			
General fund	8	<u>489,749</u>	<u>455,661</u>

Approved by:

Woo Wai Man, Johnny
Chairman

Huang Ling To, Lester
Treasurer

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

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

1. GENERAL INFORMATION

The company was incorporated in Hong Kong on 10th January, 1991 under the Hong Kong Companies Ordinance as a company limited by guarantee and not having a share capital. The address of its registered office is 21st Floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong. The principal activity of the company is to promote, support and encourage education in recreation management.

Under the provisions of the company's Articles of Association, every member shall, in the event of the company being wound up, contribute to the assets of the company to the extent of HK\$10. At 31st December, 2015, the company had 534 members.

These financial statements are presented in Hong Kong dollars.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The company qualifies for the reporting exemption as a small guarantee company under section 359(3)(a) 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 company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific principal 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 company and when the revenue can be measured reliably, on the following bases:

(i) Entrance and subscription fees

Entrance and subscription income is recognised when the right to receive payment is established.

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

(a) Revenue recognition

(ii) Advertising income

Advertisement income is recognised when the relevant services are provided.

(iii) Receipt from events and sponsorships

Receipt from events and sponsorships is recognised when the right to receive such revenue has been established.

(iv) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

(b) Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

(c) 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 statement.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term time deposits held with bank.

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

3. REVENUE

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

	2015	2014
	HK\$	HK\$
GENERAL RECEIPTS		
Advertisements	109,000	89,000
Entrance fees	2,100	3,700
Interest	126	25
Subscriptions	12,850	18,950
Sponsorships	60,000	130,000
	<u>184,076</u>	<u>241,675</u>
	-----	-----
EVENTS' RECEIPTS		
Seminar fees	2,400	5,200
Annual general meeting dinner	64,300	120,400
Residential Clubhouse Management Award receipts	-	33,000
	<u>66,700</u>	<u>158,600</u>
	-----	-----
	<u>250,776</u>	<u>400,275</u>
	=====	=====
Total receipts		

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015

4. ADMINISTRATIVE EXPENSES - GENERAL FUND

	2015 HK\$	2014 HK\$
Awards	20,000	-
Bad debts	8,000	-
Bank charges	600	1,468
Business registration fee	2,250	250
Conference expenses	-	18,092
Printing, stationery and postage	75,481	106,700
Secretarial fee	12,605	12,105
Salary and MPF contributions	17,700	17,700
Storages	15,694	12,679
Subscriptions	2,730	2,623
Sundry expenses	2,972	1,200
Telephone	495	1,323
Webpage expenses	-	3,072
	<u>158,527</u>	<u>177,212</u>

5. SURPLUS/(DEFICIT) FROM EVENTS

	2015 HK\$	2014 HK\$
RECEIPTS		
Seminar fees	2,400	5,200
Annual general meeting dinner	64,300	120,400
Residential Clubhouse Management Award receipts	-	33,000
	<u>66,700</u>	<u>158,600</u>
EXPENDITURE		
Seminar expenses	4,899	5,314
Annual general meeting dinner	53,262	162,991
Residential Clubhouse Management Award expenses	-	32,810
	<u>58,161</u>	<u>201,115</u>
SURPLUS/(DEFICIT) FROM EVENTS	<u>8,539</u>	<u>(42,515)</u>

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

6. INCOME TAX EXPENSE

No Hong Kong profits tax is provided as there is no estimated assessable profit for the year (2014: Nil).

7. EXECUTIVE COMMITTEE'S REMUNERATION

None of the members of the executive committee received or will receive any fees or emoluments in respect of their services to the company during the year (2014: Nil).

8. CHANGES IN EQUITY - GENERAL FUND

	2015 HK\$	2014 HK\$
Balance brought forward	455,661	433,713
Advertisements	109,000	89,000
Entrance fees	2,100	3,700
Interest	126	25
Subscriptions	12,850	18,950
Sponsorships	60,000	130,000
General receipts	184,076	241,675
Events receipts (Note 6)	66,700	158,600
Total receipts for the year	250,776	400,275
Administrative expenditure (Note 4)	(158,527)	(177,212)
Events expenditure (Note 5)	(58,161)	(201,115)
Surplus for the year	34,088	21,948
Balance carried forward	489,749	455,661

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 5 to 11 were approved by the members of the executive committee on

**PROFITS TAX COMPUTATION
FOR THE YEAR OF ASSESSMENT 2015/16**

(Basis period : Year ended 31st December, 2015)

	HK\$	Reference
Surplus per financial statements	34,088 =====	Per income statement
Assessable profit	Nil =====	

Note:

- 1) The company is a professional association. The surplus of the company is exempted from Hong Kong profits tax as more than half of its gross income is received from the voting members of the company.
- 2) None of the members have claimed the annual subscriptions as tax deductible.

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