

**HONG KONG RECREATION MANAGEMENT
ASSOCIATION LIMITED**

**EXECUTIVE COMMITTEE'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017**

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

**EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017**

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HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

EXECUTIVE COMMITTEE'S REPORT

The members of the executive committee have pleasure in submitting their report together with the audited financial statements for the year ended 31st December, 2017.

PRINCIPAL ACTIVITY

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

RESULTS AND APPROPRIATIONS

The results of the Association for the year are set out in the income statement on page 7.

EXECUTIVE COMMITTEE

The members of the executive committee of the Association 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 (Resigned on 29/4/2017)

YUT Tsz Ying (Appointed on 29/4/2017)

In accordance with Article 38 of the 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 Association.

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

EXECUTIVE COMMITTEE'S REPORT (CONT'D)

EQUITY-LINKED ARRANGMENTS

The Association has not entered into any equity-linked agreement.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the activities of the Association 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 Executive Committee

Woo Wai Man, Johnny
Chairman

HONG KONG, 24th April, 2018

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

Opinion

We have audited the financial statements of Hong Kong Recreation Management Association Limited ("the Association") set out on pages 7 to 13, which comprise the statement of financial position as at 31st December, 2017, and the income statement 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 the 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 properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis of 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 members of the executive committee ("committee members") are responsible for the other information. The other information comprises the information included in the executive committee's 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.

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

Information other than the financial statements and auditor's report thereon (cont'd)

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.

Responsibilities of committee members and those charged with governance for the financial statements

The committee members are responsible for the preparation of these 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 committee members 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 committee members 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 committee members 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 responsibility 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. 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.

**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 for the audit of the financial statements (cont'd)

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 judgement 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 committee members.
- Conclude on the appropriateness of the committee members' 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.

**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 for the audit of the financial statements (cont'd)

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.

LAU & AU YEUNG C.P.A. LIMITED
Certified Public Accountants
HONG KONG, 24th April, 2018

Chan Lok Sang, Director
Practising Certificate Number : P01993

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2017**

	Note	2017 HK\$	2016 HK\$
REVENUE	2	252,477	494,555
ADMINISTRATIVE EXPENSES (GENERAL FUND)	3	(130,069)	(141,212)
EVENTS' EXPENDITURE	4	(68,076)	(263,059)
SURPLUS FOR THE YEAR		<u>54,332</u>	<u>90,284</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2017**

	Note	2017 HK\$	2016 HK\$
CURRENT ASSETS			
Accounts and other receivables		5,000	5,000
Deposits and prepayments		66,750	8,420
Cash and bank balances		645,865	578,038
		<u>717,615</u>	<u>591,458</u>
LESS : CURRENT LIABILITIES			
Accounts payable		10,000	10,075
Receipts in advance		73,250	1,350
		<u>83,250</u>	<u>11,425</u>
NET CURRENT ASSETS		<u>634,365</u>	<u>580,033</u>
EQUITY			
General fund	7	<u>634,365</u>	<u>580,033</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, 2017

REPORTING ENTITY

The Association 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 Association is to promote, support and encourage education in recreation management.

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

Under the provisions of the Articles of Association, every member shall, in the event of the Association being wound up, contribute to the assets of the Association to the extent of HK\$10. At 31st December, 2017, the Association had 524 members.

1. 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) 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 Association 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 Association and when the revenue can be measured reliably, on the following bases:

- (i) Entrance and subscription income is recognised when the right to receive payment is established.
- (ii) Advertisement income is recognised when the relevant services are provided.
- (iii) Receipt from events and sponsorships is recognised when the right to receive such revenue has been established.
- (iv) Interest income is recognized on a time-proportion basis using the effective interest method.

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

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

(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.

2. REVENUE

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

	2017	2016
	HK\$	HK\$
GENERAL RECEIPTS		
Advertisements	87,500	111,000
Award donation	40,000	80,000
Entrance fees	1,300	1,700
Interest	27	26
Sponsorships	30,000	60,000
Subscriptions	10,700	11,500
Sundries	600	1,829
	<hr/>	<hr/>
	170,127	266,055
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HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017**

2. REVENUE (CONT'D)

	2017	2016
	HK\$	HK\$
EVENTS' RECEIPTS		
Seminar fees	1,650	27,000
Annual general meeting dinner	80,700	143,500
Residential Clubhouse Management Award receipts	-	58,000
	<u>82,350</u>	<u>228,500</u>
	-----	-----
	<u>252,477</u>	<u>494,555</u>
	=====	=====
Total receipts	252,477	494,555
	<u>252,477</u>	<u>494,555</u>
	=====	=====

3. ADMINISTRATIVE EXPENSES - GENERAL FUND

	2017	2016
	HK\$	HK\$
Awards	-	5,000
Bank charges	965	600
Business registration fee	250	2,250
Printing, stationery and postage	79,234	69,549
Secretarial fee	13,104	12,605
Salary and MPF contributions	22,680	17,700
Storages	10,830	11,124
Sundry expenses	1,280	20,848
Webpage expenses	1,726	1,536
	<u>130,069</u>	<u>141,212</u>
	-----	-----
	<u>130,069</u>	<u>141,212</u>
	=====	=====

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017**

4. SURPLUS/(DEFICIT) FROM EVENTS

	2017	2016
	HK\$	HK\$
RECEIPTS		
Seminar fees	1,650	27,000
Annual general meeting dinner	80,700	143,500
Residential Clubhouse Management Award receipts	-	58,000
	<u>82,350</u>	<u>228,500</u>
	-----	-----
EXPENDITURE		
Seminar expenses	240	12,000
Annual general meeting dinner	67,836	188,604
Residential Clubhouse Management Award expenses	-	62,455
	<u>68,076</u>	<u>263,059</u>
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SURPLUS/(DEFICIT) FROM EVENTS	<u>14,274</u>	<u>(34,559)</u>
	=====	=====

5. INCOME TAX EXPENSE

No Hong Kong profits tax is provided as there is no estimated assessable profit for the year (2016: Nil).

6. COMMITTEE MEMBERS'S REMUNERATION

The members of the executive committee have not received or will receive any fees or emoluments in respect of their services to the Association during the year (2016: Nil).

HONG KONG RECREATION MANAGEMENT ASSOCIATION LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

7. CHANGES IN EQUITY - GENERAL FUND

	2017 HK\$	2016 HK\$
Balance brought forward	580,033	489,749
Advertisements	87,500	111,000
Award donation	40,000	80,000
Entrance fees	1,300	1,700
Interest	27	26
Subscriptions	10,700	11,500
Sponsorships	30,000	60,000
Sundries	600	1,829
General receipts	170,127	266,055
Events receipts (Note 4)	82,350	228,500
Total receipts for the year	252,477	494,555
Administrative expenditure (Note 3)	(130,069)	(141,212)
Events expenditure (Note 4)	(68,076)	(263,059)
Surplus for the year	54,332	90,284
Balance carried forward	634,365	580,033

8. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 7 to 13 were approved by the executive committee on 24th April, 2018.