

HONG KONG KENDO ASSOCIATION LIMITED  
AS A COMPANY LIMITED BY GUARANTEE

2015

**HONG KONG KENDO ASSOCIATION LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

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**HONG KONG KENDO ASSOCIATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

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Chairman  
President  
Secretary  
Treasurer  
General Manager

In accordance with article 11 of the Association's articles of association regarding  
the duties of the Executive Committee, all the members of Executive Committee shall  
hold office for a term of two years.

**HONG KONG KENDO ASSOCIATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REPORT OF THE EXECUTIVE COMMITTEE**

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The members of the Executive Committee hereby present their report and the audited financial statements for the year ended 31 March 2015.

**PRINCIPAL ACTIVITIES**

The principal activity of the Association during the year was in promoting the sport of Kendo. The Association is a non-profit making organization.

**RESULTS**

The results of the year and the state of the Association's affairs as at 31 March 2015 are set out in the annexed accounts.

**PLANT AND EQUIPMENT**

The movements in plant and equipment were shown on note 6 to the financial statements.

**EXECUTIVE COMMITTEE**

The members of the Executive Committee during the year were:

Chen Kai Fan, Eda  
Yuk Ming Tak  
Ngan Chuen Li  
Lai Cheuck Seen  
Lee Suk Ling, Agnes

In accordance with Article 31 of the Association's Articles of Association regarding rotation of the Executive Committee, all the members of executive committee shall hold office for a term of two years.

**HONG KONG KENDO ASSOCIATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REPORT OF THE EXECUTIVE COMMITTEE**

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**INTERESTS OF MEMBERS OF EXECUTIVE COMMITTEE**

No contracts of significant to which the Association was a party and in which a member of the Executive Committee of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Association a party to any arrangements to enable the members of the Executive Committee to acquire benefits by means of acquisition of membership or shares in, or debentures of the Association or any other body corporate.

**AUDITORS**

The financial statements have been audited by Messrs. Lui Siu Tang and Company, Certified Public Accountants who retire but, being eligible, offer themselves for re-appointment.

On behalf of the Executive Committee



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President  
Hong Kong,

**28 OCT 2015**



**Lui Siu Tang & Company**  
*Certified Public Accountants*

**雷紹騰會計師事務所**

**Lui Siu Tang & Company** *Certified Public Accountants*

香港灣仔港灣道6-8號瑞安中心1512-1513室  
Rm. 1512-1513, Shui On Centre,  
6-8 Harbour Rd., Wan Chai, Hong Kong.  
E-mail : luist@luisiutangcpa.com  
Tel: (852) 2824 3863 Fax: (852) 2511 5991

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

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We have audited the annexed financial statements which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**Respective responsibilities of Executive Committee and auditors**

The Companies Ordinance requires the Executive Committee to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Executive Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

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**Opinion**

In our opinion, the financial statements give a true and fair view, in all material respects, of the state of the Association's affairs as at 31 March 2015 and of its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

Lui Siu Tang & Company  
Certified Public Accountants

Hong Kong, **28 OCT 2015**

**HONG KONG KENDO ASSOCIATION LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2015**


	<u>Note</u>	<u>2015</u> HK\$	<u>2014</u> HK\$
<b>INCOME</b>			
Activities income		862,565	606,325
Bank interest income		165	127
Examination fee		318,100	269,300
Government grant received		1,261,307	1,124,600
Income received from members		322,680	271,020
Income received from outside corporate		128,840	61,640
Sundry income		388	-
		<u>2,894,045</u>	<u>2,333,012</u>
Less: Expenditures			
Advertising		-	960
Auditors' remuneration		27,500	34,200
Bank charges		167	783
Business registration fee		250	450
Cleaning		446	142
Coaching and demonstration		283,055	253,714
Computer and domain name charges		52,457	1,921
Company secretary		2,000	-
Decoration for the venue		30,025	28,210
Depreciation		17,581	9,468
Exchange different		26	65
Hotel accommodation		474,280	249,489
Insurance		23,737	25,057
Kendo tools		24,960	57,129
Legal and professional fee		-	825
Official fee		194,064	179,031
Magazines, photos and video tapes		2,535	2,735
Mandatory provident fund contributions		14,760	13,840
Meals		155,795	193,714
Medical expenses		524	23
Player entry fee		683	3,436
Postage and courier		2,671	1,042
Printing and stationery		28,035	17,814
Rental on venue		127,963	102,212
Repair & maintenance		1,860	-
Salaries and allowances		293,810	276,819
Souvenirs and prizes		33,930	28,616
Subscription fee		50	10,551
Sundry expenses		8,780	9,451
Telephone and fax		8,732	8,895
Traffic expense		16,015	-
Transportation		6,749	6,179
Travelling		299,684	179,950
Welcome party		208,151	184,738
Subsidy		-	83,259
Total expenditure		<u>2,341,275</u>	<u>1,964,718</u>
Surplus before taxation		552,770	368,294
Income tax expenses		(73,583)	(51,748)
Surplus after taxation		<u>479,187</u>	<u>316,546</u>

**HONG KONG KENDO ASSOCIATION LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2015**

	<u>Note</u>	<u>2015</u> HK\$	<u>2014</u> HK\$
<b>Non-current asset</b>			
Plant and equipment	6	30,485	9,400
<b>Current assets</b>			
Receivables		53,178	393,356
Prepayments		85,987	36,566
Cash at bank and in hand		2,822,302	2,134,935
Provisional tax expense		64,563	84,940
		3,026,030	2,649,797
<b>Current liabilities</b>			
Accrued expenses		196,548	319,072
LCSD reserve fund		650,307	633,987
Deferred income		50,966	48,466
Income tax payable		73,583	51,748
		971,404	1,053,273
<b>Net current assets</b>		2,054,626	1,596,524
<b>Net assets</b>		2,085,111	1,605,924
<b>Represented by:</b>			
Accumulated fund brought forward		1,605,924	1,289,378
Surplus for the year		479,187	316,546
Accumulated fund carried forward		2,085,111	1,605,924

Approved by the Executive Committee on: **28 OCT 2015**

  
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 Chairman

  
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 Treasurer

The notes annexed hereto form an integral part of these financial statements.



**HONG KONG KENDO ASSOCIATION LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 MARCH 2015**

	<u>2015</u> HK\$	<u>2014</u> HK\$
<b>Cash flows from operating activities</b>		
Surplus before taxation	552,770	368,294
Adjustments for:		
Interest income	(165)	(127)
Depreciation	17,581	9,468
	<u>570,186</u>	<u>377,635</u>
Operating surplus before working capital changes		
Working capital movements:		
(Increase) Decrease in receivables	340,178	(337,867)
(Increase) Decrease in prepayments	(49,421)	720
Increase (Decrease) in accrued expenses	(122,524)	209,294
Increase (Decrease) in LCSD reserve fund	16,320	354,467
Decrease in deferred income	2,500	-
	<u>757,239</u>	<u>604,249</u>
Net cash generated from operations		
Tax paid	<u>(31,371)</u>	<u>(97,970)</u>
	725,868	506,279
<b>Cash flows from investing activities</b>		
Interest received	165	127
Purchase of property, plant and machinery	(38,666)	-
Net cash used in investing activities	(38,501)	127
Net (decrease) increase in cash and cash equivalents	687,367	506,406
Cash and cash equivalents at beginning of year	<u>2,134,935</u>	<u>1,628,529</u>
	<u>2,822,302</u>	<u>2,134,935</u>
Cash and cash equivalents at end of year, represented by cash and bank balances	<u>2,822,302</u>	<u>2,134,935</u>

**HONG KONG KENDO ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

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**1. STATUS OF THE ASSOCIATION**

The Association was incorporated in Hong Kong and limited by guarantee. The address of the registered office is located in Room 1029, Olympic House, 1 Stadium Path, So Kon Po, Causeway Bay, Hong Kong. The principal activity of the Association during the year was in promoting the sport of Kendo.

**2. MEMBER LIABILITY**

The Association is not authorized to issue share capital. The liability of its member is limited member in the events of the Association being wound up while he/she is a member, or within one year after he/she ceases to be a member.

**3. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

**(a) Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, over their estimated useful lives on a straight-line basis as follows:

Furniture, fixtures and equipment	20%
Kendo tools	33%

Gain or loss arising from the derecognition of an item of plant and equipment is included in income statement when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

**b) Impairment of assets**

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

**HONG KONG KENDO ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

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**3. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**c) Foreign currencies**

Transactions in currencies other than Hong Kong Dollars are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

**d) 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 balance sheet date.

Deferred tax is not provided.

**e) Deferred Taxation**

Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences which are expected with reasonable probability to crystallize in the foreseeable future.

**f) Government grant**

Government grants are recognised at their fair value in statement of income and accumulated surplus where there is a reasonable assurance that the grants will be received and all attached conditions will be complied with. Grants received where the Association has yet to comply with all attached conditions are recognised as a liability (and included in deferred income) and released to income when all attached conditions have been complied with. Government grants received are included in "other income" in statement of income and accumulated surplus.

Grants related to depreciable assets are presented as deferred income and are released to income over the useful life of the relevant asset.

**h) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits which can be reasonably estimated will be required to settle such obligation.

**HONG KONG KENDO ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

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**3. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**e) Cash and cash equivalents**

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flow, bank overdrafts which are repayable on demand form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

**4. PROFIT BEFORE TAXATION**

	<u>2015</u>	<u>2014</u>
	HK\$	HK\$
This is arrived at after charging:		
Committee members' remuneration		
- fees	-	-
- other emoluments	-	-
Other staff costs	<u>293,810</u>	<u>276,819</u>
Total staff costs	<u>293,810</u>	<u>276,819</u>
Auditor's remuneration	27,500	26,500
Depreciation of property, plant and equipment	<u>17,581</u>	<u>9,468</u>

**5. INCOME TAX EXPENSE**

Hong Kong profits tax is provided at 16.5% on the estimated assessable profit for the year.

Income tax in the income statement represents:

	<u>2015</u>	<u>2014</u>
	HK\$	HK\$
Hong Kong profits tax	<u>73,583</u>	<u>51,748</u>

**HONG KONG KENDO ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

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**6. PLANT AND EQUIPMENT**

	<u>Furniture, fixture and equipment</u> <u>HK\$</u>	<u>Kendo tools</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
<b>At Cost</b>			
At 1/4/2013	130,537	76,823	207,360
Additions	<u>-</u>	<u>-</u>	<u>-</u>
At 31/3/2014	130,537	76,823	207,360
Additions	<u>3,665</u>	<u>35,001</u>	<u>38,666</u>
At 31/3/2015	<u>134,202</u>	<u>111,824</u>	<u>246,026</u>
<b>Accumulated depreciation</b>			
At 1/4/2013	118,518	69,974	188,492
Charges for year	<u>6,044</u>	<u>3,424</u>	<u>9,468</u>
At 31/3/2014	124,562	73,398	197,960
Charges for year	<u>2,490</u>	<u>15,091</u>	<u>17,581</u>
At 31/3/2015	<u>127,052</u>	<u>88,489</u>	<u>215,541</u>
<b>Net Book Value</b>			
At 31.3.2015	<u>7,150</u>	<u>23,335</u>	<u>30,485</u>
At 31.3.2014	<u>5,975</u>	<u>3,425</u>	<u>9,400</u>

**HONG KONG KENDO ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

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**8. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Company's Board of Directors on **28 OCT 2015**