

HONG KONG KENDO ASSOCIATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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

CONTENTS

	Pages
Report of the executive committee	1-2
Independent auditor's report	3-4
Statement of comprehensive income	5
Statement of financial position	6
Statement of cash flow	7
Notes to the Financial Statements	8-11

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

The members of the Executive Committee hereby present their report and the audited financial statements for the year ended 31 March 2016.

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 2016 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, Edward
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**

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



President
Hong Kong,

20 AUG 2016



Lui Siu Tang & Company
Certified Public Accountants

雷紹騰會計師事務所

Lui Siu Tang & Company *Certified Public Accountants*

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

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)

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 2016 and of its statement of comprehensive income 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, **20 AUG 2016'**

For and on behalf of
LUI SIU TANG & COMPANY
Certified Public Accountants

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Authorized Signature(s)

HONG KONG KENDO ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 HK\$	2015 HK\$
INCOME			
Activities income		858,393	862,565
Bank interest income		254	165
Examination fee		302,100	318,100
Government grant received		1,788,586	1,261,307
Income received from members		281,970	322,680
Income received from outside corporate		102,290	128,840
Sundry income		4,523	388
		<u>3,338,116</u>	<u>2,894,045</u>
Less: Expenditures			
Advertising		-	-
Auditors' remuneration		28,500	27,500
Bank charges		838	167
Business registration fee		2,250	250
Cleaning		703	446
Coaching and demonstration		296,923	283,055
Computer and domain name charges		8,146	52,457
Company secretary		2,000	2,000
Decoration for the venue		27,273	30,025
Depreciation		40,245	17,581
Exchange different		-	26
Hotel accommodation		498,203	474,280
Insurance		15,227	23,737
Kendo tools		16,500	24,960
Legal and professional fee		-	-
Official fee		188,552	194,064
Magazines, photos and video tapes		2,766	2,535
Mandatory provident fund contributions		15,929	14,760
Meals		143,952	155,795
Medical expenses		199	524
Player entry fee		3,728	683
Postage and courier		5,914	2,671
Printing and stationery		23,913	28,035
Rental on venue		77,940	127,963
Repair & maintenance		-	1,860
Salaries and allowances		336,502	293,810
Souvenirs and prizes		28,720	33,930
Subscription fee		4,417	50
Sundry expenses		5,789	8,780
Telephone and fax		10,143	8,732
Traffic expense		15,846	16,015
Transportation		5,346	6,749
Travelling		363,871	299,684
Welcome party		201,686	208,151
Subsidy		-	-
Uniform		34,586	-
Total expenditure		<u>2,406,607</u>	<u>2,341,275</u>
Surplus before taxation		931,509	552,770
Income tax expenses		(128,066)	(73,583)
Surplus after taxation		<u>803,443</u>	<u>479,187</u>

HONG KONG KENDO ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	<u>Note</u>	<u>2016</u> HK\$	<u>2015</u> HK\$
Non-current asset			
Plant and equipment	6	72,925	30,485
Current assets			
Receivables		43,062	53,178
Prepayments		52,727	85,987
Cash at bank and in hand		3,225,464	2,822,302
Provisional tax expense		93,583	64,563
		<u>3,414,836</u>	<u>3,026,030</u>
Current liabilities			
Accrued expenses		137,118	196,548
LCSD reserve fund		285,872	650,307
Deferred income		50,966	50,966
Income tax payable		125,251	73,583
		<u>599,207</u>	<u>971,404</u>
Net current assets		<u>2,815,629</u>	<u>2,054,626</u>
Net assets		<u>2,888,554</u>	<u>2,085,111</u>
Represented by:			
Accumulated fund brought forward		2,085,111	1,605,924
Surplus for the year		803,443	479,187
		<u>2,888,554</u>	<u>2,085,111</u>
Accumulated fund carried forward		<u>2,888,554</u>	<u>2,085,111</u>

Approved by the Executive Committee on: **20 AUG 2016**



Chairman



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 2016

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Cash flows from operating activities		
Surplus before taxation	931,509	552,770
Adjustments for:		
Interest income	(254)	(165)
Depreciation	40,245	17,581
	<u>971,500</u>	<u>570,186</u>
Operating surplus before working capital changes		
Working capital movements:		
(Increase) Decrease in receivables	10,116	340,178
(Increase) Decrease in prepayments	33,260	(49,421)
Increase (Decrease) in accrued expenses	(59,430)	(122,524)
Increase (Decrease) in LCSD reserve fund	(364,435)	16,320
Decrease in deferred income	-	2,500
	<u>591,011</u>	<u>757,239</u>
Net cash generated from operations	591,011	757,239
Tax paid	(105,418)	(31,371)
	<u>485,593</u>	<u>725,868</u>
Cash flows from investing activities		
Interest received	254	165
Purchase of property, plant and machinery	(82,685)	(38,666)
Net cash used in investing activities	(82,431)	(38,501)
Net (decrease) increase in cash and cash equivalents	403,162	687,367
Cash and cash equivalents at beginning of year	2,822,302	2,134,935
	<u>3,225,464</u>	<u>2,822,302</u>
Cash and cash equivalents at end of year, represented by cash and bank balances	<u>3,225,464</u>	<u>2,822,302</u>

HONG KONG KENDO ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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 statement of comprehensive income 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 statement of financial position 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 statement of comprehensive income. 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 2016

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 statement of financial position date. Profits and losses arising on exchange are dealt with in the statement of comprehensive income.

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 statement of financial position 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 2016

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>2016</u> HK\$	<u>2015</u> HK\$
This is arrived at after charging:		
Committee members' remuneration		
- fees	-	-
- other emoluments	-	-
Other staff costs	336,502	293,810
Total staff costs	<u>336,502</u>	<u>293,810</u>
Auditor's remuneration	28,500	27,500
Depreciation of property, plant and equipment	<u>40,245</u>	<u>17,581</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 statement of comprehensive income represents:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Hong Kong profits tax	<u>125,251</u>	<u>73,583</u>

HONG KONG KENDO ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

6. PLANT AND EQUIPMENT

	Furniture, fixture and equipment HK\$	Kendo tools HK\$	Total HK\$
At Cost			
At 1/4/2013	130,537	76,823	207,360
Additions	-	-	-
At 31/3/2014	130,537	76,823	207,360
Additions	3,665	35,001	38,666
At 31/3/2015	134,202	111,824	246,026
Additions	23,685	59,000	82,685
At 31/3/2016	157,887	170,824	328,711
Accumulated depreciation			
At 1/4/2013	118,518	69,974	188,492
Charges for year	6,044	3,424	9,468
At 31/3/2014	124,562	73,398	197,960
Charges for year	2,490	15,091	17,581
At 31/3/2015	127,052	88,489	215,541
Charges for year	8,914	31,331	40,245
At 31/3/2016	135,966	119,820	255,786
Net Book Value			
At 31.3.2015	7,150	23,335	30,485
At 31.3.2016	21,921	51,004	72,925

7. APPROVAL OF FINANCIAL STATEMENTS

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

20 AUG 2016