

**HONG KONG KENDO ASSOCIATION LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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

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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     |
| Statement of changes in equity    | 8     |
| Notes to the Financial Statements | 9-12  |

**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 2022.

**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 2022 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  
Fung Tai Kwong  
Lai Cheuck Seen, Edward  
Lee Suk Ling, Agnes  
Tong Cheuk Fai  
Wong Po Kit

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  
Wong Po Kit  
Hong Kong, 14 July 2022



**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  
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6-8 Harbour Rd., Wan Chai, Hong Kong.  
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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)**

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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)

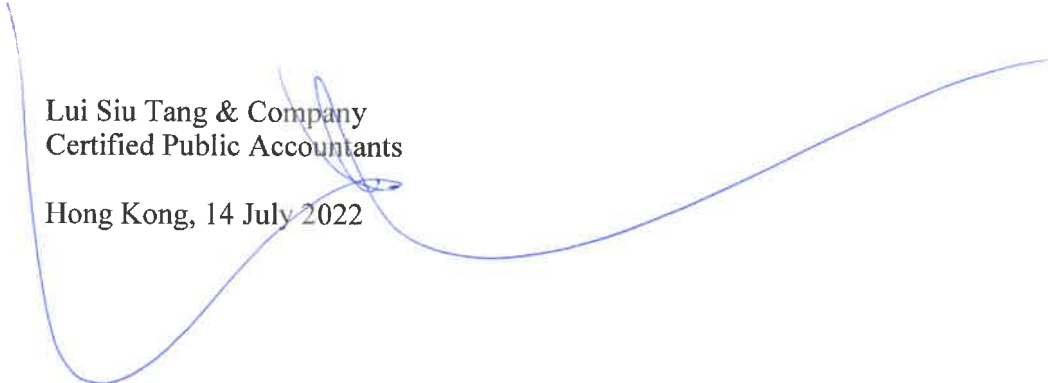
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**Opinion**

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 2022 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, 14 July 2022



**HONG KONG KENDO ASSOCIATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2022**

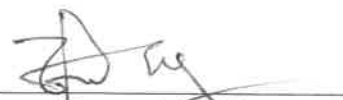
|   | <u>Note</u> | <u>2022</u><br>HK\$ | <u>2021</u><br>HK\$ |
|---|-------------|---------------------|---------------------|
| <b>INCOME</b>                           |             |                     |                     |
| Activities income                       |             | 49,690              | 5,306               |
| Anti-epidemic fund 2.0(Job creation)    |             | 173,823             | 126,687             |
| Bank interest income                    |             | 48                  | 44                  |
| Contribution from member                |             | 50                  | -                   |
| Donation                                |             | 324                 | 75                  |
| Examination fee                         |             | 118,500             | 66,500              |
| Government grant received               |             | 1,229,136           | 1,727,396           |
| Income received from members            |             | 312,080             | 65,420              |
| Income received from outside corporate  |             | 20,780              | 12,970              |
| Sundry income                           |             | 7,614               | 7,656               |
|   |             | <u>1,912,045</u>    | <u>2,012,054</u>    |
| <b>Less: Expenditures</b>               |             |                     |                     |
| Auditors' remuneration                  |             | 36,000              | 45,600              |
| Advertising & Promotion                 |             | 19,109              | 9,620               |
| Bank charges                            |             | 355                 | 965                 |
| Business registration fee               |             | 250                 | 250                 |
| Cleaning                                |             | -                   | 267                 |
| Coaching and demonstration              |             | 307,658             | 279,206             |
| Computer expense                        |             | 54,079              | 17,794              |
| Company secretary                       |             | 4,300               | 4,300               |
| Decoration for the venue                |             | 5,804               | -                   |
| Depreciation                            |             | 67,851              | 45,777              |
| Entertainment                           |             | 2,488               | -                   |
| Exchange rate difference                |             | 462                 | -                   |
| Handling charges                        |             | 300                 | -                   |
| Insurance                               |             | 39,845              | 33,495              |
| Kendo tools                             |             | 13,759              | 260                 |
| Official fee                            |             | 78,272              | 11,550              |
| Overseas - Air ticket/ Ferry            |             | 5,115               | -                   |
| Management fee                          |             | 4,968               | 4,968               |
| Magazines, photos and video tapes       |             | 3,432               | 2,601               |
| Mandatory provident fund contributions  |             | 40,565              | 38,553              |
| Meals                                   |             | 59,091              | 12,614              |
| Medical expenses                        |             | 6,764               | 44,359              |
| Player entry fee                        |             | -                   | 1,783               |
| Postage and courier                     |             | 2,689               | 2,301               |
| Professional fee                        |             | 82,200              | 96,990              |
| Printing and stationery                 |             | 19,373              | 17,227              |
| Repair & maintenance                    |             | 859                 | 1,730               |
| Rental                                  |             | 82,716              | 82,947              |
| Refund to government (events cancelled) |             | -                   | 648,972             |
| Salaries and allowances                 |             | 845,591             | 785,358             |
| Souvenirs and prizes                    |             | 13,405              | 2,427               |
| Staff welfare                           |             | 1,444               | 3,137               |
| Subscription fee and subsidy            |             | 8,961               | 5,526               |
| Sundry expenses                         |             | 2,652               | 8,570               |
| Subsidy                                 |             | -                   | 75,000              |
| Telephone and fax                       |             | 9,058               | 7,835               |
| Traffic expense                         |             | -                   | 18,165              |
| Transportation                          |             | 8,612               | 5,137               |
| Travel expense                          |             | 23,126              | -                   |
| Uniform                                 |             | 1,019               | -                   |
| Total expenditure                       |             | <u>1,852,171</u>    | <u>2,315,284</u>    |
| Profit/Loss before taxation             |             | 59,873              | (303,230)           |
| Income tax expenses                     |             | 53,134              | (84,391)            |
| Profit/Loss after taxation              |             | <u>113,007</u>      | <u>(387,621)</u>    |

**HONG KONG KENDO ASSOCIATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

|                                  | <u>Note</u> | <u>2022</u><br>HK\$ | <u>2021</u><br>HK\$ |
|----------------------------------|-------------|---------------------|---------------------|
| <b>Non-current asset</b>         |             |                     |                     |
| Plant and equipment              | 6           | 73,513              | 80,586              |
| <b>Current assets</b>            |             |                     |                     |
| Receivables                      |             | 1,020               | 1,320               |
| Prepayments                      |             | 90,944              | 62,900              |
| Cash at bank and in hand         |             | 5,070,663           | 5,088,810           |
|                                  |             | 5,162,627           | 5,153,030           |
| <b>Current liabilities</b>       |             |                     |                     |
| Accrued expenses                 |             | 813,218             | 683,988             |
| AEF on employment                |             | -                   | 173,822             |
| LCSD reserve fund                |             | 409,065             | 409,065             |
| Tax payable                      |             | -                   | 2,215               |
| Deferred income                  |             | -                   | 63,676              |
|                                  |             | 1,222,283           | 1,332,766           |
| <b>Net current assets</b>        |             | 3,940,344           | 3,820,264           |
| <b>Net assets</b>                |             | 4,013,857           | 3,900,850           |
| <b>Represented by:</b>           |             |                     |                     |
| Accumulated fund brought forward |             | 3,900,850           | 4,288,471           |
| Surplus /(loss) for the year     |             | 113,007             | (387,621)           |
| Accumulated fund carried forward |             | 4,013,857           | 3,900,850           |

Approved by the Executive Committee on 14 July 2022.

  
 \_\_\_\_\_  
 President, Wong Po Kit

  
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 Treasurer, Tong Cheuk Fai

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



**HONG KONG KENDO ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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|                         | Accumulated<br><u>fund</u><br>HK\$ | <u>Total</u><br>HK\$ |
|-------------------------|------------------------------------|----------------------|
| Balance as at 31/3/2021 | 3,900,850                          | 3,900,850            |
| Profit for the year     | <u>113,007</u>                     | <u>113,007</u>       |
| Balance as at 31/3/2022 | <u>4,013,857</u>                   | <u>4,013,857</u>     |

**HONG KONG KENDO ASSOCIATION LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 MARCH 2022**

|  | <u>2022</u><br>HK\$ | <u>2021</u><br>HK\$ |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities</b>  |                     |                     |
| (Loss)/Surplus before taxation   |                     | (387,621)           |
| Adjustments for:   |                     |                     |
| Interest income  |                     | (44)                |
| Depreciation   |                     | 45,777              |
| Operating surplus before working capital changes                                       |                     | (341,888)           |
| Working capital movements:   |                     |                     |
| Decrease /(Increase) in:-  |                     |                     |
| Receivables  |                     | 48,102              |
| Prepayments  |                     | 39,148              |
| Tax receivable   |                     | 13,167              |
| Amount due from LCSD   |                     | 31,187              |
| (Decrease) /Increase :-  |                     |                     |
| Accrued expenses   |                     | 432,632             |
| AEF on employment  |                     | 173,822             |
| LCSD reserve fund  |                     | 53,891              |
| Amount due to LCSD   |                     | -                   |
| Tax payable  |                     | 2,215               |
| Deferred income  |                     | 9,650               |
| Net cash generated from operations   |                     | 461,926             |
| Income taxes(refund) paid  |                     | -                   |
|  |                     | 461,926             |
| <b>Cash flows from investing activities</b>  |                     |                     |
| Interest received  |                     | 44                  |
| Purchase of plant and equipment  |                     | (29,511)            |
| <b>Net cash used in investing activities</b>   |                     | (29,467)            |
| <b>Net increase in cash and cash equivalents</b>                                       |                     | 432,459             |
| <b>Cash and cash equivalents at beginning of year</b>                                  | 5,088,810           | 4,656,351           |
|  | <u>4,968,559</u>    | <u>5,088,810</u>    |
| <b>Cash and cash equivalents at end of year, represented by cash and bank balances</b> | <u>4,968,559</u>    | <u>5,088,810</u>    |

**HONG KONG KENDO ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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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 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 2022**

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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 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 2022**

**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. LOSS BEFORE TAXATION**

|   | <u>2022</u><br>HK\$ | <u>2021</u><br>HK\$ |
|---|---------------------|---------------------|
| This is arrived at after charging:            |                     |                     |
| Committee members' remuneration               |                     |                     |
| - fees  | -                   | -                   |
| - other emoluments                            | -                   | -                   |
| Other staff costs                             | <u>845,591</u>      | <u>785,358</u>      |
| Total staff costs                             | <u>845,591</u>      | <u>785,358</u>      |
| <br>  |                     |                     |
| Auditor's remuneration                        | 36,000              | 42,000              |
| Depreciation of property, plant and equipment | <u>67,851</u>       | <u>45,777</u>       |

**5. INCOME TAX EXPENSE**

Hong Kong profits tax is not provided on the Company's assessable profit at the basic rate 16.5%. The Company, however, being eligible for two tiered rates is charged at 8.25% for its first HK\$ 2 million assessable profits. Taxation in the income statement represents:

Income tax in the statement of comprehensive income represents:

|                       | <u>2022</u><br>HK\$ | <u>2021</u><br>HK\$ |
|-----------------------|---------------------|---------------------|
| Hong Kong profits tax | <u>-</u>            | <u>84,391</u>       |

**HONG KONG KENDO ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**6. PLANT AND EQUIPMENT**

|                                 | Furniture, fixture<br>and equipment<br><u>HK\$</u> | Kendo tools<br><u>HK\$</u> | <u>Total</u><br><u>HK\$</u> |
|---------------------------------|--|----------------------------|-----------------------------|
| <b>At Cost</b>                  |  |                            |                             |
| At 31/3/2021                    | 274,061  | 323,010                    | 597,071                     |
| Additions                       | <u>17,626</u>                                      | <u>43,152</u>              | <u>60,778</u>               |
| At 31/3/2022                    | <u>291,687</u>                                     | <u>366,162</u>             | <u>657,849</u>              |
| <b>Accumulated depreciation</b> |  |                            |                             |
| At 31/3/2021                    | 215,416  | 301,069                    | 516,485                     |
| Charges for year                | <u>31,526</u>                                      | <u>36,325</u>              | <u>67,851</u>               |
| At 31/3/2022                    | <u>246,942</u>                                     | <u>337,394</u>             | <u>584,336</u>              |
| <b>Net Book Value</b>           |  |                            |                             |
| At 31.3.2021                    | <u>58,645</u>                                      | <u>21,941</u>              | <u>80,586</u>               |
| At 31.3.2022                    | <u>44,745</u>                                      | <u>28,768</u>              | <u>73,513</u>               |

**7. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Company's Board of Directors on 14 July 2022.