

THE CONSERVANCY ASSOCIATION

長春社

STATEMENTS OF ACCOUNTS

For the year ended 31 December 2021

楊少銓會計師事務所
ALBERT S. C. YOUNG & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

THE CONSERVANCY ASSOCIATION
EXECUTIVE COMMITTEE'S REPORT

The executive committee has pleasure in submitting its annual report together with the audited financial statements of the Association for the year ended 31 December 2021.

Principal activities

The Association is established for the objective of promoting environmental protection.

Results and appropriations

The result of the Association for the year ended 31 December 2021 and the state of the Association's affairs at that date are set out in the annexed financial statements and notes.

Property, plant and equipment

Details of movements during the year in the property, plant and equipment of the Association are set out in note 6 to the financial statements.

Business review

The Company falls within the reporting exemption for the financial year. Accordingly, the Company is exempted from preparing business review.

Executive committee

The members of executive committee during the year were:

Mr. CHAN Shu Keung
Dr. CHUNG Shan Shan (Chairperson)
Ms. HO Siu Fong, Betty
Dr. KWOK Ngai Kuen
Mr. LAI Kwong Tak, Albert
Dr. LAW Winnie Wai Yi
Dr. TANG Chin Cheung (resigned on 15/11/2021)
Ms. WOO Kwok Ping
Mr. WONG Chi Keung
Mr. YAN Wa Tat
Mr. YICK Wing Fat, Simon

In accordance with the Articles no. 42 & 46 of Association, Mr. CHAN Shu Keung; Mr. LAI Kwong Tak, Albert; Ms. WOO Kwok Ping; and Mr. YICK Wing Fat, Simon whose term of office shall expire on the close of this year's Annual General Meeting and, being eligible, shall offer themselves for re-election.


Executive committee members' interests in contracts

No contract of significance to which the Association was a party and in which the executive committee members of Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Auditors

A resolution to reappoint Messrs. Albert S. C. Young & Company as auditors of the Association will be proposed at the annual general meeting.

On behalf of the executive committee


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CHUNG Shan Shan
Chairperson
Hong Kong, 29 JUL 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE CONSERVANCY ASSOCIATION**

(incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of The Conservancy Association ("the Association") set out on pages 4 to 9, which comprise the statement of financial position as at 31 December 2021, 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 been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the SME-FRS 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 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.

Other information

The executive committee members are responsible for the other information. The other information comprises the information included in the executive committee's report set out on page 1 and detailed income statement, 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.

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 Executive Committee members for the financial statements

The executive committee members are responsible for the preparation of 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 executive 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 executive 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 executive committee members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE CONSERVANCY ASSOCIATION**

(incorporated in Hong Kong with liability limited by guarantee)

Auditor's responsibilities for the audit of the financial statements

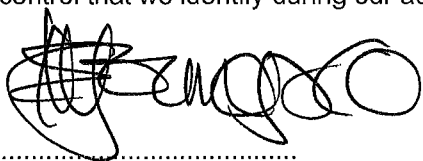
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 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.

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 judgment 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 executive committee members.
- Conclude on the appropriateness of the executive 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.

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.



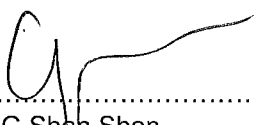
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Albert S. C. Young & Company,
Certified Public Accountants.

Hong Kong, 29 JUL 2022

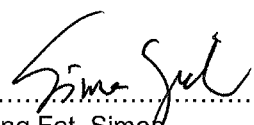
THE CONSERVANCY ASSOCIATION
STATEMENT OF FINANCIAL POSITION at 31 December 2021

	Note	<u>2021</u> \$	<u>2020</u> \$
Non-current assets			
Property, plant and equipment	6	428,279	628,918
Amount due from a related association	7	-	400,000
		428,279	1,028,918
Current assets			
Accounts and other receivables		2,442,041	2,075,124
Cash and cash equivalents		15,990,850	17,945,977
		18,432,891	20,021,101
Current liabilities			
Accounts payable and receipts in advance		7,373,065	9,840,077
Net current assets		11,059,826	10,181,024
Net assets		11,488,105	11,209,942
 GENERAL FUND			
Accumulated surplus	8	11,488,105	11,209,942

Approved on behalf of the Committee by:



 CHUNG Shan Shan
 Chairperson



 YICK Wing Fat, Simon
 Honorary treasurer

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

THE CONSERVANCY ASSOCIATION
INCOME STATEMENT
For the year ended 31 December 2021

	Note	<u>2021</u> \$	<u>2020</u> \$
Revenue	3	21,448,563	19,360,516
Expenditure			
Expenditure for completed projects		10,975,578	9,530,301
Operating and administrative		10,194,822	9,775,485
		21,170,400	19,305,786
Surplus for the year	4	278,163	54,730

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

THE CONSERVANCY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

1. General

The Association is domiciled and incorporated in Hong Kong with limited guarantee without share capital. Under the provision of its Articles of Association every member shall, in the event of the Association being wound up, contribute such amount as may be required to meet the liabilities of the Association but not exceeding the sum of HK\$10.00 each.

The address of the registered office and principal place of the Association is Unit 1305-6, 13/F., Tower 1, Magnet Place, 77-81 Container Port Road, Kwai Chung, New Territories. The principal activities of the Association were promoting environmental protection during the year.

2. Basic of preparation and accounting policies

(a) Basis of accounting

The Association qualifies for the reporting exemption as a small private company under Section 359 (1)(a) for 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 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 accounting policies that are necessary for a proper understanding of the financial statements:

(b) Currency

These financial statements have been prepared in Hong Kong dollars.

(c) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

(i) Income is recognised when it is received.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Computer	30%
Office equipment	25%
Furniture & fixtures	20%

THE CONSERVANCY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

2. Basic of preparation and accounting policies (continued)

(e) Impairment of assets

An assessment is made at the end of each reporting period 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.

(f) Operating leases

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Where the Company is the lessor, assets leased by the Company under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on a time proportion basis over the lease terms.

3. Revenue

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

	<u>2021</u>	<u>2020</u>
	\$	\$
Graduates Subsidy Programme 2021	22,440	-
Bank interest income	51,228	94,087
Donation	2,583,182	2,846,903
Employment support scheme	-	1,452,078
Fund-raising	2,250,786	150,000
Lecture and tour income	28,000	33,400
Member activity	71,955	43,400
Other and sundry income	25,334	47,295
Income from completed projects	16,415,638	14,693,353
	<u>21,448,563</u>	<u>19,360,516</u>

4. Surplus for the year

Surplus for the year is arrived at after charging the following items:-

Auditor's remuneration	-	-
Executive committee members' emoluments		
- Committee members' fee	-	-
- Salaries and allowance	-	-
Staff cost		
- Salaries	7,394,823	7,473,674
- Mandatory provident funds contribution	472,886	462,304
Depreciation	<u>200,639</u>	<u>164,308</u>

THE CONSERVANCY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

5. Taxation

The Association has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable institution of a public character.

6. Property, plant and equipment

	<u>Computer</u>	<u>Office equipment</u>	<u>Furniture and fixtures</u>	<u>Total</u>
	\$	\$	\$	\$
Cost -				
At 31.12.2020	235,075	310,889	1,059,041	1,605,005
Additions	-	-	-	-
At 31.12.2021	<u>235,075</u>	<u>310,889</u>	<u>1,059,041</u>	<u>1,605,005</u>
Accumulated depreciation -				
At 31.12.2020	197,439	207,668	570,980	976,087
Charges for the year	28,561	42,674	129,404	200,639
At 31.12.2021	<u>226,000</u>	<u>250,342</u>	<u>700,384</u>	<u>1,176,726</u>
Net book value -				
At 31.12.2021	<u>9,075</u>	<u>60,547</u>	<u>358,657</u>	<u>428,279</u>
At 31.12.2020	<u>37,636</u>	<u>103,221</u>	<u>488,061</u>	<u>628,918</u>

7. Amount due from a related association

The amount due from a related association is unsecured, interest-free and repayable on demand.

8. Changes in general fund

	<u>Accumulated surplus</u>
	\$
Balance at 31.12.2020	11,209,942
Surplus for the year	278,163
Balance at 31.12.2021	<u>11,488,105</u>

THE CONSERVANCY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

9. Commitments under operating lease

The Association had the following total future minimum lease payments payable under non-cancellable operating leases:

	<u>2021</u>	<u>2020</u>
	\$	\$
Within one year	612,000	349,297
After one year	125,032	-
	<u>737,032</u>	<u>349,297</u>

10. Approval of financial statements

These financial statements were authorised for issue by the Board of Committee on **29 JUL 2022**