

AKINALLIANCE
同社

(Incorporated in Hong Kong as a company limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020



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20/07/2021

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D.V. CPA Limited
• 上策會計師有限公司

Certified Public Accountants

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**REPORTS AND FINANCIAL STATEMENTS
for the year ended 30 September 2020**

<u>CONTENTS</u>	<u>PAGE(S)</u>
REPORT OF THE DIRECTORS	1 - 2
INDEPENDENT AUDITOR'S REPORT	3 - 5
INCOME STATEMENT	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN RESERVE	8
STATEMENT OF CASH FLOWS	9
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	10 - 14

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同社

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REPORT OF THE DIRECTORS

On behalf of the Akinalliance (“the Association”), I submit herewith the annual report together with the audited financial statements for the year ended 30 September 2020.

Principal Activities

The Association is principally engaged in the development and promotion of the welfare and interest of the members of the Association and the provision of volunteer services to the society.

Operating Results

The results of the Association for the year ended 30 September 2020 and the state of the Association’s affairs as at that date are set out in the annexed financial statements.

Business Review

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

Property, Plant and Equipment

Movements in property, plant and equipment during the year are set out in note 9 to the financial statements.

Directors

The directors who held office during the year and up to the date of the report were:

CHAN Wai Hung
CHEUNG Hon Kwong
CHUNG Chi Ming
MANG Wai Ling Emily
KU Yin Mei
LEUNG Lam Freddy
OR Kit Ching
SIU Nok Man (Resigned on 30 June 2020)
SO Wai Kee (Appointed on 1 July 2020)
TANG Kwan Ying
WONG Yuen Ping Grace

The term of each elected director shall be one year and all the directors for the time being shall retire from office. A retiring director shall be eligible for re-election.

AKINALLIANCE

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REPORT OF THE DIRECTORS – continued

Directors' Material Interests in Transactions, Arrangement and Contracts that are Significant in Relation to the Association's Business

Other than those transactions as disclosed in note 10 to the financial statement, no contracts of significance to which the Association was a party and in which the directors of the Association had a material interest subsisted at the end of the year or at any time during the year.

Directors' Interest in Underlying Shares and Debentures of the Association or any Specified Undertaking of the Association

At no time during the year was the Association a party to any arrangement to enable the director of the Association to obtain benefits by means of the acquisition of shares in or debentures of the Association or any other body corporate.

Permitted Indemnity Provisions

Article 63 of the Association's Articles provides that every director shall be entitled to be indemnified by the Association against all costs, charges, losses, expenses and liabilities incurred by him in the execution or discharge of their duties or exercise their powers in relation to or in connection with their duties, powers or office excluding any liability incurred by the directors in relation to fraud and intentional negligence. This permitted indemnity provision is in force during the financial year and at the time of approval of this report.

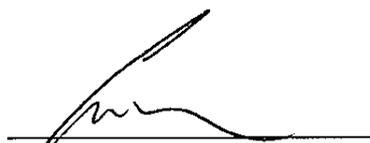
Auditor

During the year, D.V. CPA Limited was appointed as auditor of the Association. A resolution will be submitted to the annual general meeting to re-appoint D.V. CPA Limited as auditor of the Association.

Approval of Report of the Directors

This report was approved by the directors on 17 March 2021.

For and on behalf of the board



Chan Wai Hung
Chairman

D.V. CPA Limited

上策會計師有限公司

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AKINALLIANCE

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Opinion

We have audited the financial statements of Akinalliance ("the Association") set out on pages 6 to 14, which comprise the statement of financial position as at 30 September 2020, and the income statement, statement of changes in reserve, and statement of cash flows for the for the year ended 30 September 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 30 September 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") 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") 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 Church 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.

Other Information

The directors are responsible for the other information. The other information comprises the information 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.

INDEPENDENT AUDITOR'S REPORT (continued from page 3)

**TO THE MEMBERS OF
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同社

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Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors 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 directors 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 directors 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 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the initial 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 directors.

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INDEPENDENT AUDITOR'S REPORT (continued from page 4)

**TO THE MEMBERS OF
AKINALLIANCE**

同社

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Auditor's Responsibilities for the Audit of the Financial Statements – continued

- Conclude on the appropriateness of the directors' 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The engagement partner on the audit resulting in this independent auditor's report is Leung Yuk Hang (practising certificate number: P06848).

D.V. CPA Ltd.

D.V. CPA Limited
Certified Public Accountants
Unit B, 9/F., Chinaweal Centre
422 Jaffe Road, Wanchai
Hong Kong

Date: 17 March 2021

AKINALLIANCE

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**INCOME STATEMENT
for the year ended 30 September 2020**

(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Income			
Donation	4	50	1,951
Donation from fundraising		30,898	6,000
Joining fee		500	400
Membership fee		15,750	15,000
Program income	5	3,065	43,134
Royalty income from map		2,645	7,808
Venues rental		860	2,410
50th Anniversary celebration		3,250	2,340
Total Income		<u>57,018</u>	<u>79,043</u>
Expenditure			
Administration expense		1,632	1,632
Audit Fee		1,500	1,500
Bank charge		300	300
Computer expense		1,120	-
Depreciation	9	4,079	-
Fundraising expense		-	5,670
Membership paid		1,335	1,610
Occupation charges		9,020	10,221
Postage & courier		1,261	1,661
Printing and stationery		550	1,176
Program expenses	6	5,761	22,559
Repairs & maintenance		15,163	12,339
Sundry expense		823	2,087
Telephone		2,838	1,123
Water and electricity		346	1,847
Total Expenditure		<u>45,728</u>	<u>63,725</u>
Surplus for the Year		<u>11,290</u>	<u>15,318</u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

There were no movement in reserve other than the surplus for the year.

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STATEMENT OF FINANCIAL POSITION

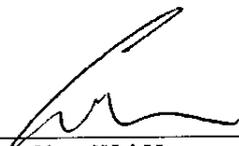
as at 30 September 2020

(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Non- Current Assets			
Property, plant & equipment	9	8,159	-
Current Assets			
Utility deposits		2,700	2,700
Bank balances and cash		306,337	302,756
		<u>309,037</u>	<u>305,456</u>
Current Liabilities			
Receipt in advance		(1,950)	(1,500)
Accruals		(1,800)	(1,800)
		<u>(3,750)</u>	<u>(3,300)</u>
Net Current Assets		<u>305,287</u>	<u>302,156</u>
Net Assets		<u>313,446</u>	<u>302,156</u>
Reserve			
Retained surplus		<u>313,446</u>	<u>302,156</u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

Approved on behalf of the board by:



Chan Wai Hung
Chairman



Or Kit Ching
Treasurer

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STATEMENT OF CHANGES IN RESERVE**for the year ended 30 September 2020**

(Expressed in Hong Kong Dollars)

	<u>Total</u>
At 1 October 2019	302,156
Surplus for the year	11,290
At 30 September 2020	<u>313,446</u>
At 1 October 2018	286,838
Surplus for the year	15,318
At 30 September 2019	<u>302,156</u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

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**STATEMENT OF CASH FLOWS
for the year ended 30 September 2020**

(Expressed in Hong Kong Dollars)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Surplus for the year	11,290	15,318
Adjustment for:-		
Depreciation	4,079	-
Net Surplus before Working Capital Changes	<u>15,369</u>	<u>15,318</u>
Increase / (decrease) in receipt in advance	450	(1,050)
Net Cash inflow from Operating Activities	<u>15,819</u>	<u>14,268</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(12,238)	-
Net Cash (used in) Investing Activities	<u>(12,238)</u>	<u>-</u>
Net Increase in Bank Balances and Cash	3,581	14,268
Bank Balances and Cash at the Beginning of the Year	302,756	288,488
Bank Balances and Cash at the End of the Year	<u><u>306,337</u></u>	<u><u>302,756</u></u>
Analysis of Bank Balances and Cash		
Cash at bank	306,337	302,756
	<u><u>306,337</u></u>	<u><u>302,756</u></u>

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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2020

(Expressed in Hong Kong Dollars)

1. General

Akinalliance (“the Association”) was incorporated under the Hong Kong Companies Ordinance on 12 September 2016 as a company limited by guarantee and not having a share capital. The liability of each member is limited to the extent of HK\$10. The address of the Association’s registered office and principal place of operation is at No. 265, Pai Tau Village, Sha Tin, New Territories, Hong Kong during the year.

There is an objective clause in the Section 6(3) of the Articles of Association of the Association to takeover all properties of the formerly Akinalliance. The formerly Akinalliance was registered on 3 January 1977 under Societies Ordinance (Cap.151) and was de-registered on 14 December 2016.

The financial statements are presented in Hong Kong dollars, which is the functional currency of the Association.

2. Statement of Compliance

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants and have been prepared on the accrual basis of accounting.

The financial statements have been prepared on a going concern and accrual basis.

3. Summary of Significant Accounting Policies

a. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost basis.

b. Income recognition

Income is recognised when it is probable that the economic benefits will flow to the Association and when the income can be measured reliably, on the following bases:

- (i) for donations and grants received, when their respective assets and ownership have been transferred to the Association;
- (ii) for interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

c. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Association is a charitable institution under Section 88 of the Inland Revenue Ordinance (Chapter 112) and is therefore exempted from taxes levied under this Ordinance.

AKINALLIANCE

同社

(Incorporated in Hong Kong as a company limited by guarantee)

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2020**

(Expressed in Hong Kong Dollars)

3. Summary of Significant Accounting Policies – continued

d. Bank balances and cash

Bank balance and cash include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

e. Other receivables

Account receivable 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.

f. Other payables

Other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

g. Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Association if that person:
- (i) is a member of the key management personnel of the Association or of a parent of the Association;
 - (ii) has control over the Association; or
 - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (b) An entity is related to the Association if any of the following conditions applies:
- (i) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of a third entity.
 - (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of the Association or an entity related to the Association. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.

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AKINALLIANCE

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**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2020**

(Expressed in Hong Kong Dollars)

3. Summary of Significant Accounting Policies – continuedg. Related parties (continued)

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant voting power in the entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. Donation Income

Donation income represents the amounts received from donors in support of the Association's objectives during the year.

5. Program Income

An analysis of the Association's program income is as follows:

	<u>2020</u>	<u>2019</u>
Community services	-	37,116
Mountaineering program	800	5,460
Orienteering program	-	500
Recreation	2,265	58
	<u>3,065</u>	<u>43,134</u>

6. Program Expenses

An analysis of the Association's program expenses is as follows:

	<u>2020</u>	<u>2019</u>
Community services	21	1,149
Mountaineering program	-	3,000
Orienteering program	5,740	18,410
	<u>5,761</u>	<u>22,559</u>

7. Income Tax Expense

The Association is a charitable institution within the meaning of Section 88 of the Inland Revenue Ordinance and it is therefore exempted from profits tax in Hong Kong. Accordingly, no provision for tax liabilities is necessary in the preparation of the accounts.

AKINALLIANCE

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**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2020**

(Expressed in Hong Kong Dollars)

8. Directors' Remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance are as follows:

	<u>2020</u>	<u>2019</u>
Directors' emoluments		
- Fees	-	-
- Other emoluments	-	-
	<u> </u>	<u> </u>

9. Property, Plant and Equipment

	<u>Furniture and fixtures</u>	<u>Total</u>
<u>Cost</u>		
As at 1.10.2019	-	-
Addition	12,238	12,238
As at 30.9.2020	<u>12,238</u>	<u>12,238</u>
Accumulated depreciation		
As at 1.10.2019	-	-
Charge for the year	4,079	4,079
As at 30.9.2020	<u>4,079</u>	<u>4,079</u>
Carrying amount		
As at 30.9.2020	<u>8,159</u>	<u>8,159</u>
As at 30.9.2019	<u> </u>	<u> </u>

10. Material Related Party Transactions

During the year, the Association had entered into the transactions with the following Institution:

<u>Name of Association</u>	<u>Nature of transactions</u>	<u>2020</u>	<u>2019</u>
Akinalliance Volunteers Association Limited	Occupation charges	9,020	10,221
		<u> </u>	<u> </u>

Over 70% of the Association's members are the common members of Akinalliance Volunteers Association Limited.

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**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2020**

(Expressed in Hong Kong Dollars)

11. Approval of the Financial Statements

These financial statements were authorised for issued by the Association's board of directors on 17 March 2021.
