

**THE CONSERVANCY ASSOCIATION**

長春社

**STATEMENTS OF ACCOUNTS**

**For the year ended 31 December 2020**

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 2020.

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 2020 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. YAN Wa Tat	(Chairman)
Mr. CHAN Shu Keung	(appointed on 28/8/2020)
Dr. CHUNG Shan Shan	
Mr. FAN Jor Ching	(resigned on 28/8/2020)
Ms. HO Siu Fong, Betty	
Dr. KWOK Ngai Kuen	
Mr. LAI Kwong Tak, Albert	
Dr. LAW Winnie Wai Yi	
Dr. TANG Chin Cheung	
Ms. WOO Kwok Ping	
Mr. WONG Chi Keung	
Mr. YICK Wing Fat, Simon	

In accordance with the Articles no. 42 & 46 of Association, the names should be as Dr. LAW Winnie Wai Yi; Dr. CHUNG Shan Shan; Ms. HO Siu Fong, Betty; Mr. WONG Chi Keung; Mr. YAN Wa Tat 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.

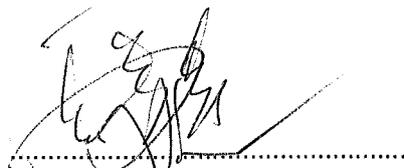
Executive committee members' interests in contracts

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



YAN Wa Tat

Chairman  
Hong Kong,

11 JUN 2021

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

(incorporated in Hong Kong with liability limited by guarantee)

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**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 2020, 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.

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**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**

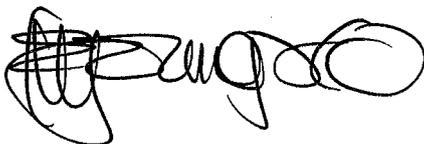
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405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



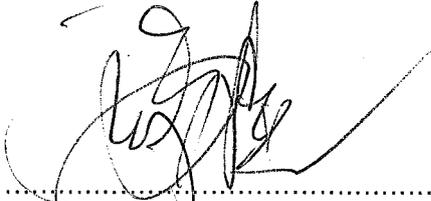
Albert S. C. Young & Company,  
Certified Public Accountants.

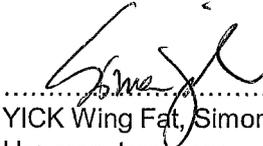
Hong Kong, 11 JUN 2021

**THE CONSERVANCY ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION at 31 December 2020**

	Note	<u>2020</u>	<u>2019</u>
		\$	\$
<b>Non-current assets</b>			
Property, plant and equipment	6	628,918	320,556
Amount due from a related association	7	400,000	400,000
		1,028,918	720,556
<b>Current assets</b>			
Accounts and other receivables		2,075,124	2,739,563
Cash and cash equivalents		17,945,977	19,317,602
		20,021,101	22,057,165
<b>Current liabilities</b>			
Accounts payable and receipts in advance		9,840,077	11,622,509
<b>Net current assets</b>		10,181,024	10,434,656
<b>Net assets</b>		11,209,942	11,155,212
 <b>GENERAL FUND</b>			
Accumulated surplus	8	11,209,942	11,155,212

Approved on behalf of the Committee by:

  
 .....  
 YAN Wa Tat  
 Chairman

  
 .....  
 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 2020**

	Note	<u>2020</u> \$	<u>2019</u> \$
Revenue	3	19,360,516	18,441,823
Expenditure			
Expenditure for completed projects		9,530,301	7,304,066
Operating and administrative		9,775,485	10,774,097
		19,305,786	18,078,163
Surplus for the year	4	54,730	363,660

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) Basis of accounting

The measurement basis used in the preparation of these financial statements is historical cost.

(c) Currency

These financial statements have been prepared in Hong Kong dollars:

(d) 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.

(e) 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)

(f) 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.

(g) 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>2020</u>	<u>2019</u>
	\$	\$
Bank interest income	94,087	182,419
Donation	2,846,903	2,907,667
Employment support scheme	1,452,078	-
Fund-raising	150,000	2,626,848
Lecture and tour income	33,400	58,450
Member activity	43,400	51,600
Other and sundry income	47,295	40,574
Income from completed projects	14,693,353	12,574,265
	<u>19,360,516</u>	<u>18,441,823</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	7,473,674	7,358,406
- Mandatory provident funds contribution	462,304	468,885
Depreciation	164,308	110,696
Hire of premises under operating leases	679,348	761,400

**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 31.12.2019	235,075	253,139	644,121	1,132,335
Additions	-	57,750	414,920	472,670
At 31.12.2020	<u>235,075</u>	<u>310,889</u>	<u>1,059,041</u>	<u>1,605,005</u>
Accumulated depreciation -				
At 31.12.2019	165,647	169,073	477,059	811,779
Charges for the year	31,792	38,595	93,921	164,308
At 31.12.2020	<u>197,439</u>	<u>207,668</u>	<u>570,980</u>	<u>976,087</u>
Net book value -				
At 31.12.2020	<u>37,636</u>	<u>103,221</u>	<u>488,061</u>	<u>628,918</u>
At 31.12.2019	<u>69,428</u>	<u>84,066</u>	<u>167,062</u>	<u>320,556</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 31.12.2019	11,155,212
Surplus for the year	54,730
Balance at 31.12.2020	<u>11,209,942</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>2020</u>	<u>2019</u>
	\$	\$
Within one year	349,297	444,150
After one year	-	-
	<u>349,297</u>	<u>444,150</u>
	<u>349,297</u>	<u>444,150</u>

10. Project 10120 Used Clothes Collection For The Environment 20  
Income and expenditure for Fund Raising from The Food Resources Recycling Centre and  
Used Clothes Collection Scheme (Public Subscription Permit #2020/005/1)

Purpose of fund raising

To raise fund for promoting social/environmental education activities under The Food Resources Recycling Centre and Used Clothes Collection Scheme.

Income	661	-
Expenditure	(1,841)	-
	<u>(1,180)</u>	<u>-</u>
Deficit	<u>(1,180)</u>	<u>-</u>

11. Approval of financial statements

These financial statements were authorised for issue by the Board of Committee on **11 JUN 2021**