

THE NEIGHBOURHOOD ADVICE-ACTION COUNCIL

FLAG DAY FOR CHARITABLE FUND

- RAISING IN PUBLIC PLACES

ON 30 SEPTEMBER 2017

REPORT(S) AND ACCOUNTS



陳李羅會計師事務所有限公司

Chan, Li, Law CPA Limited

香港執業會計師

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG

**THE NEIGHBOURHOOD ADVICE-ACTION COUNCIL
FLAG DAY FOR CHARITABLE FUND-RAISING IN PUBLIC PLACES
ON 30 SEPTEMBER 2017
PUBLIC SUBSCRIPTION PERMIT NO. FD/R063/2017
REPORTS AND STATEMENT OF ACCOUNTS**

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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE EXECUTIVE COMMITTEE OF THE NEIGHBOURHOOD ADVICE-ACTION COUNCIL (the "Permittee")

Public Subscription Permit No: FD/R063/2017

Pursuant to the conditions stated in the Public Subscription Permit issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region ("SWD"), we have been requested to report on the attached income and expenditure account of the Permittee's regional flag day fund-raising activity in Kowloon held on 30 September 2017 (the "Event").

Responsibilities of the Executive Committee

The Executive Committee is responsible for preparing the attached income and expenditure account in accordance with the basis of preparation set out in note 2, setting out the gross subscriptions raised from the Event and the expenses incurred in connection with the Event, in order to comply with the conditions stated in the Public Subscription Permit issued by the SWD. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the income and expenditure account so that it reflects the subscriptions raised and expenses incurred in connection with the Event and is free from material misstatement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The company applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to form a conclusion on the attached income and expenditure account, based on our engagement, and to report our conclusion to you.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 850, Reporting on Flag days and General Charitable Fund-raising Activities Covered by Public Subscription Permits

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement included carrying out limited procedures for obtaining sufficient appropriate evidence to be able to draw a conclusion, such as inquiries primarily of persons responsible for financial and accounting matters, analytical procedures applied to financial data and other procedures we considered necessary. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent Limitations

Due to the nature of cash receipts and expenses relating to the Event, it was not practicable for us to determine whether the income and expenditure account and the books and records of the Permittee include all transactions relating to the Event. It was impracticable for us to quantify the potential impact of this on the income and expenditure account. Accordingly, our report relates solely to the income and expenditure account prepared from transactions that have been recorded in the Permittee's books and records.

Conclusion

Based on the foregoing, we report that nothing has come to our attention that causes us to believe that the attached income and expenditure account does not reflect, in all material respects, the gross subscriptions raised and the expenses incurred by the Permittee in respect of the Event that have been recorded in its books and records made available to us in accordance with the basis of preparation set out in note 2.

Intended Users and Purpose

This report is intended solely for the purpose of assisting the Permittee to satisfy the conditions stated in the Public Subscription Permit issued by SWD in connection with the Event and is not intended to be, and should not be, used for any other purpose. We agree that a copy of this report may be provided to the Director of Social Welfare without further comment from us.



Chan, Li, Law CPA Limited
Certified Public Accountants (Practising)
Hong Kong,

22 DEC 2017

Li King Man
Practising Certificate No.: P05777

THE NEIGHBOURHOOD ADVICE–ACTION COUNCIL
FLAG DAY FOR CHARITABLE FUND-RAISING IN PUBLIC PLACES
ON 30 SEPTEMBER 2017
PUBLIC SUBSCRIPTION PERMIT NO. FD/R063/2017
INCOME AND EXPENDITURE ACCOUNT
(Expressed in Hong Kong dollars)

	<u>Note</u>	HK\$
INCOME		
Flag selling on street		455,691
Flag day appeal		362,538
Sponsorship	4	128,579
		<hr/> 946,808 <hr/>
EXPENDITURE		
Audit fee		6,500
Bank charges		802
Subsidized expenses :	4	
- Administration cost		43,023
- Design Fee		5,000
- Collection bags		21,252
- Insurance		3,900
- Stationery and printing		21,205
- Transportation and travelling		25,704
		<hr/> 127,386 <hr/>
NET PROCEEDS		<hr/> <hr/> 819,422 <hr/> <hr/>

Approved by the Executive Committee on



Mr. Yen Yuen Ho, Tony
Chairman



Mr. Yip Ching Shan
Honorary Treasurer

**THE NEIGHBOURHOOD ADVICE-ACTION COUNCIL
FLAG DAY FOR CHARITABLE FUND-RAISING IN PUBLIC PLACES
ON 30 SEPTEMBER 2017
PUBLIC SUBSCRIPTION PERMIT NO. FD/R063/2017
NOTES TO THE FLAG DAY ACCOUNTS
(Expressed in Hong Kong dollars)**

1. GENERAL INFORMATION

The Neighbourhood Advice-Action Council (the “Council”) held a flag sale for charitable fund-raising in public places on 30 September 2017 that was approved by the Social Welfare Department under the Public Subscription Permit No. FD/R063/2017. The purposes of the fund-raising are for : (i) continuing self-financing NAAC Martha Baker Social Centre for the Elderly and NAAC Sau Mau Ping Social Centre for the Elderly and self-financing NAAC Pak Tin Social Centre for the Elderly; and (ii) operating a self-financing NAAC Ma On Shan Day Care Centre for the Elderly.

The Council is a company limited by guarantee and incorporated in Hong Kong, and also a government subvented and non-profit making organisation. Its registered office is located at Room 704, Duke of Windsor Social Service Building, 15 Hennessy Road, Wanchai, Hong Kong.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The income and expenditure account has been prepared in accordance with the conditions stated in the Public Subscription Permit issued by the Social Welfare Department.

(b) Recognition of donation income

Income from donations is recognised when cash is received and includes all sums received up to the end date of the event.

3. TAXATION

The Council is registered as a charitable organisation and is exempted from Hong Kong profits tax under Section 88 of Inland Revenue Ordinance.

4. SPONSORSHIP

The Council received certain sponsorships of HK\$128,579 for subsidizing the operating cost of the flag day. Those sponsorships were designated to subsidize particular expenses incurred during the flag day. Therefore, the Council considered those subsidized portion of relevant expenditure should be excluded from the requirement, ‘Expenses in connection with the flag day should not exceed ten percent of the gross receipts’, listed in Appendix 1(p) of the approval letter (SWD 211/2/5005/49) dated 21 December 2016.