

**THE NEIGHBOURHOOD ADVICE-ACTION COUNCIL**

**FLAG DAY FOR CHARITABLE FUND**

**ON 30 DECEMBER 2023**

**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  
ON 30 DECEMBER 2023  
PUBLIC SUBSCRIPTION PERMIT NO. FD/T020/2023  
REPORTS AND INCOME AND EXPENDITURE ACCOUNT**

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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/T020/2023**

Pursuant to the conditions stated in the Public Subscription Permit dated 12 December 2022 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 territory-wide flag day fund-raising activity in Hong Kong held on 30 December 2023 (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 firm 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.



*Chan, Li, Law CPA Limited*

*Certified Public Accountants (Practising)*

陳李羅會計師事務所有限公司

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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 (Revised), “Reporting on Flag days, General Charitable Fund-raising Activities and Solicitation of Signed Authorisation Forms Covered by Public Subscription Permits issued by the Social Welfare Department” issued by the HKICPA. We have planned and performed our work to obtain limited assurance for giving our conclusion below.

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.



*Chan, Li, Law CPA Limited*

*Certified Public Accountants (Practising)*

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*Emphasis of Matter*

Without qualifying our conclusion, we draw attention to note 2(a) to the income and expenditure account, which reports that an incident of loss of a money collection bag of the Event was reported to the Police and the SWD on 23 January 2024 and 19 March 2024 respectively. The prolonged time spent between the happening of the incident and reports to the Police and the SWD has contravened the Clause (1) of section (II), Other Points to Observe, of the Conditions of Public Subscription Permit for Holding Territory-wide Flag Days in 2023-24 issued by the SWD, in which the Permittee has the obligation to report to the SWD and the Police immediately after the incident. As mentioned in Inherent Limitations section of our report above, our report relates solely to the income and expenditure account prepared from transactions that have been recorded in the Permittee's books and records. Our conclusion is not modified in respect of this matter.

*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.

*CLL CPA Ltd.*

Chan, Li, Law CPA Limited  
Certified Public Accountants (Practising)  
Hong Kong, - 9 APR 2024

Wong Yuk Kwan Jennifer  
Practising Certificate No.: P07743

**THE NEIGHBOURHOOD ADVICE-ACTION COUNCIL  
 FLAG DAY FOR CHARITABLE FUND-RAISING  
 ON 30 DECEMBER 2023  
 PUBLIC SUBSCRIPTION PERMIT NO. FD/T020/2023  
 INCOME AND EXPENDITURE ACCOUNT  
 (Expressed in Hong Kong dollars)**

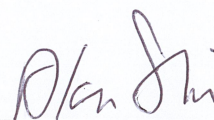
|  | HK\$                      |
|--|---------------------------|
| <b>INCOME</b>                            |                           |
| Street collections                       | 735,020                   |
| Other forms of appeals                   | 748,745                   |
| <b>TOTAL INCOME</b>                      | <u>1,483,765</u><br>----- |
| <b>EXPENDITURE</b>                       |                           |
| Administrative cost                      | 10,997                    |
| Bank charges                             | 8,574                     |
| Collection bags repair fee               | 8,750                     |
| Insurance                                | 3,003                     |
| Publicity expenses                       | 39,821                    |
| Stationery and printing                  | 17,757                    |
| Transportation and travelling            | 3,294                     |
| <b>TOTAL EXPENDITURE</b>                 | <u>92,196</u><br>-----    |
| <b>EXCESS OF INCOME OVER EXPENDITURE</b> | <u>1,391,569</u><br>===== |

Approved and authorised for issue by the Executive Committee on

- 9 APR 2024



Mr. TAI Keen Man  
Chairman



Mr. SIU Yu Bun, Alan, SBS  
Honorary Treasurer

The notes on pages 5 and 6 form part of this income and expenditure account.

**THE NEIGHBOURHOOD ADVICE–ACTION COUNCIL  
FLAG DAY FOR CHARITABLE FUND-RAISING  
ON 30 DECEMBER 2023  
PUBLIC SUBSCRIPTION PERMIT NO. FD/T020/2023  
NOTES TO THE INCOME AND EXPENDITURE ACCOUNT  
(Expressed in Hong Kong dollars)**

**1. GENERAL INFORMATION**

The Neighbourhood Advice-Action Council (the “Council”) was approved to hold a flag sale for charitable fund-raising in territory-wide region on 30 December 2023 (the “Event”) by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region (“SWD”) under the Public Subscription Permit No. FD/T020/2023 (“the Permit”). The purposes of the flag sale are for raising fund to subsidise self-financing NAAC Martha Baker Social Centre for the Elderly, NAAC Sau Mau Ping Social Centre for the Elderly and self-financing NAAC Pak Tin Social 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 SWD and on accrual basis.

As mentioned in 1(s) of the Conditions of Public Subscription Permit for holding a flag sales in 2023-2024 issued by the SWD, the amount raised by other forms of appeals in connection with flag day is required to be include in the income and expenditure account separately.

The Council discovered that a money collection bag of the Event was lost before the Event. The Council conducted internal investigation and searched at all relevant locations, but the Council still could not find the money collection bag. Such incident was reported to the Police (with case number LTNDIV 24001699) and the SWD on 23 January 2024 and 19 March 2024 respectively.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

(b) Recognition of donation income

Income from donations is recognised when cash is received and receivable 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. DONATIONS**

All the flag day collected proceeds have been credited on or before 28 February 2024 to the designated bank account of the Council before being used for payment of expenditures for the flag day and/or the purposes specified in the Permit.