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**ADOPTIVE FAMILIES OF HONG KONG (THE "SOCIETY")**

(established in Hong Kong as a registered society under the Societies Ordinance (Cap. 151))

**STEERING COMMITTEE'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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## **ADOPTIVE FAMILIES OF HONG KONG**

### **STEERING COMMITTEE'S REPORT**

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The Society's steering committee present its annual report together with the audited financial statements of the Society for the year ended 31 March 2016.

#### **PRINCIPAL ACTIVITIES**

The Society is principally engaged in connecting, supporting and celebrating adoptive families in Hong Kong and helping educate the greater community about adoption.

#### **RESULTS AND APPROPRIATIONS**

The results of the Society for the year ended 31 March 2016 and the state of the Society's affairs as at 31 March 2016 are set out in the financial statements on pages 4 to 11.

The steering committee members do not recommend the setting up of any reserves accounts for the year.

#### **STEERING COMMITTEE MEMBERS**

The steering committee members of the Society during the year were as follows:

Ms. Louise GARNAUT	Chairperson
Ms. Maria WONG	Honorary Treasurer
Ms. Deborah HOLCOMBE	Steering Committee Member
Dr. Erica Liu WOLLIN	Steering Committee Member
Ms. Becky HOLDAWAY	Steering Committee Member

There being no provision in the Society's Articles of Association for retirement by rotation, all steering committee members continue in office.

#### **AUDITOR**

CP Fong (CPA) Limited was appointed as auditor of the Society for the year ended 31 March 2016 to replace Vincent Kwok & Co. who acted as the auditor of the Society for the year ended 31 March 2015.

Approved and signed on behalf of the Steering Committee



Louise GARNAUT  
Chairperson

28 February 2017

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ADOPTIVE FAMILIES OF HONG KONG**

(established in Hong Kong as a registered society under the Societies Ordinance (Cap. 151))

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## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Adoptive Families of Hong Kong (the "Society") set out on pages 4 to 11, which comprise the statement of financial position as at 31 March 2016, and the statement of surplus and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Steering committee members' responsibility for the financial statements**

The steering committee members are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the steering committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a society, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the steering committee members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF ADOPTIVE FAMILIES OF HONG KONG**

(established in Hong Kong as a registered society under the Societies Ordinance (Cap. 151))

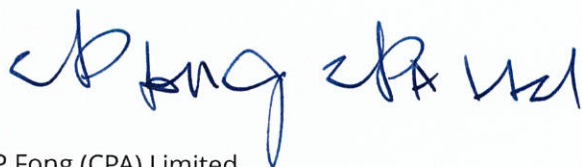
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**Opinion**

In our opinion, the financial statements of the Society give a true and fair view of the financial position of the Society as at 31 March 2016, and of its performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

**Other matters**

The financial statements of the Society for year ended 31 March 2015 were audited by another auditor, who expressed a clean opinion on those statements on 30 August 2016.



CP Fong (CPA) Limited  
Certified Public Accountant

Fong Chi Pong  
Practising Certificate Number P06198

Hong Kong, 28 February 2017

**ADOPTIVE FAMILIES OF HONG KONG**  
**STATEMENT OF SURPLUS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2016**

		<b>2016</b>	<b>2015</b>
	<b>Notes</b>	<b>HK\$</b>	<b>HK\$</b>
Revenue	2	154,286	159,661
Cost of sales		(3,259)	(489)
		151,027	159,172
Other income		60	-
Administrative expenses		(110,471)	(151,394)
Surplus before tax	4	40,616	7,778
Income tax expense	6	-	-
Surplus and total comprehensive income for the year		40,616	7,778

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

**ADOPTIVE FAMILIES OF HONG KONG**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31MARCH 2016**

	Notes	2016 HK\$	2015 HK\$
<b>Current assets</b>			
Other receivable		44,388	42,632
Prepayments		10,446	-
Cash and bank balances		313,342	302,625
		<u>368,176</u>	<u>345,257</u>
<b>Current liabilities</b>			
Accrued expenses and other payable		10,195	27,892
		<u>10,195</u>	<u>27,892</u>
Net Current Assets		<u>357,981</u>	<u>317,365</u>
<b>NET ASSETS</b>		<u>357,981</u>	<u>317,365</u>
<b>Equity</b>			
Operation funds		40,756	40,756
Retained surplus		317,225	276,609
		<u>357,981</u>	<u>317,365</u>

Approved and signed on behalf of the steering committee



Louise Garnaut  
Chairperson



Maria Wong  
Treasurer

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

**ADOPTIVE FAMILIES OF HONG KONG**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31 MARCH 2016**

	Operation Funds HK\$	Retained surplus HK\$	Total (Note 1) HK\$
At 1 April 2014	40,756	268,831	309,587
Surplus for the year	-	7,778	7,778
At 31 March 2015	40,756	276,609	317,365
Surplus for the year	-	40,616	40,616
At 31 March 2016	40,756	317,225	357,981

NOTE 1: In accordance with the Society's Memorandum of Association, if upon the winding up or dissolution of the Society, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the steering committee or members of the Society, but shall be given or transferred to a Hong Kong government-approved charitable institution which focuses its activities up on children.

**ADOPTIVE FAMILIES OF HONG KONG**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 HK\$	2015 HK\$
<b>Cash flows from operating activities</b>			
Surplus for the year		40,616	7,778
<b>Changes in working capital:</b>			
Increase in other receivable		(1,756)	(11,963)
Increase in prepayments		(10,446)	-
(Decrease)/ increase in accruals		(17,697)	24,892
<b>Net cash generated from operations</b>		10,717	20,707
<b>Net increase in cash and cash equivalents</b>		10,717	20,707
<b>Cash and cash equivalents at beginning of year</b>		302,625	281,918
<b>Cash and cash equivalents at end of year</b>		313,342	302,625

**ADOPTIVE FAMILIES OF HONG KONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**Reporting entity**

Adoptive Families of Hong Kong (the "Society") was established in 20 December 1993 as a not-for-profit society under the Societies Ordinance (Cap. 151). Effective from 3 March 2011, the Society was registered as a charitable institution and as granted tax-exempt charitable status under Section 88 of the Inland Revenue Ordinance.

The Society's registered office is located at Flat 5, 6/F, Block A, Bay View Mansion, No. 21 Moreton Terrace, Causeway Bay, Hong Kong.

The principal activity of the Company is connecting, supporting and celebrating adoptive families in Hong Kong and helping educate the greater community about adoption.

**1. Significant accounting policies**

**1.1. Basis of preparation**

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong.

These financial statements comply with the HKFRSs and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

The preparation of financial statements in conformity with HKFRSs requires the steering committee to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The measurement base adopted is the historical cost convention.

**ADOPTIVE FAMILIES OF HONG KONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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1.2. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Society. None of these developments have had a material effect on how the Society's results and financial position for the current or prior periods have been prepared or presented.

The Society has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1.3. Revenue

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

- (i) donation income is recognised on a cash basis upon receipt;
- (ii) sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer, and the Society retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) membership fee income is recognised on an accrual basis; and
- (iv) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable;

1.4. Foreign exchange

Transactions in foreign currencies are translated into the functional currency of the Society using the exchange rates prevailing at the dates of the transactions.

Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

1.5. Inventories

Inventories are stated at the lower of cost (using a first-in-first-out basis) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

1.6. Trade and other receivables

Trade and other receivables 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 statement of comprehensive income.

**ADOPTIVE FAMILIES OF HONG KONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**2. Revenue**

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

	<b>2016</b>	<b>2015</b>
	<b>HK\$</b>	<b>HK\$</b>
Donations	13,090	27,347
Membership fee income	47,516	44,575
Programs and events income	93,890	87,739
	<u>154,286</u>	<u>159,661</u>

**3. Surplus before tax**

The Surplus before tax is arrived at after charging:

	<b>2016</b>	<b>2015</b>
	<b>HK\$</b>	<b>HK\$</b>
Staff cost		
- Key management personnel (including steering committee members' emoluments disclosed in note 4)	-	-
- Other staff	<u>50,452</u>	<u>8,931</u>

**4. Steering committee members' emoluments**

The aggregate amounts of the steering committee members' emoluments are as follows:

	<b>2016</b>	<b>2015</b>
	<b>HK\$</b>	<b>HK\$</b>
Fee	-	-
Other emoluments	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**ADOPTIVE FAMILIES OF HONG KONG  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**5. Income tax expense**

No provision has been made for Hong Kong profits tax as the Society is exempted from Hong Kong profits tax under section 88 of the Hong Kong Inland Revenue Ordinance.

**6. Approval of financial statements**

These financial statements were approved and authorised for issue by the Society's steering committee on 28 February 2017.