

**HONG KONG AUTOMOBILE ASSOCIATION**

香港汽車會

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

GENERAL COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

**黃龍德會計師事務所有限公司**

香港執業會計師、英國特許會計師

**PATRICK WONG C.P.A. LIMITED**

*Certified Public Accountants (Practising), Hong Kong Chartered Accountants*



# HONG KONG AUTOMOBILE ASSOCIATION

## 香港汽車會

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

### GENERAL COMMITTEE'S REPORT

The General Committee submits herewith the annual report together with the audited financial statements for the year ended 31 December 2017.

#### **PRINCIPAL ACTIVITIES**

The principal activities of Hong Kong Automobile Association (the "Association") are to represent the interests of motorists, provide automobile related services to its members and organize motor vehicle sporting events.

#### **RESULTS**

The financial performance of the Association for the year ended 31 December 2017 and its financial position at that date are set out in the financial statements on pages 5 to 26.

#### **GENERAL COMMITTEE MEMBERS**

The General Committee members of the Association during the financial year are as follow:-

Dr. HOU Lee Tsun Laurence	
Dr. LEE Yiu Pui	
Mr. CHAU Wai Koon Danny Stacy	(retired and re-elected on 21 September 2017)
Mr. CHEUNG Kim Hung Julian	
Mr. LEE Kai Yin	(retired and re-elected on 21 September 2017)
Mr. LEE Ying Kin	
Mr. LIU Keung	
Mr. LO Ka Chun	(retired and re-elected on 21 September 2017)
Mr. NG Sing Yip	
Mr. CHENG Chung Kiu Alec	
Mr. CHENG King Kui	
Mr. HUI Koon Kuen Samuel	
Mr. CHEUNG Pak Kit Simon	(appointed on 24 October 2017)
Mr. LAU Ho Kit Ivan	(appointed on 24 October 2017)
Mr. TAM Yiu Kee, Allan	(resigned on 14 December 2017)
Mr. YU Kam Kee Lawrence	(retired on 21 September 2017)

In accordance with Articles 22.2 and 22.3 of the Association's Articles of Association, Mr. NG Sing Yip, Mr. CHEUNG Kim Hung Julian, Dr. HOU Lee Tsun Laurence, Mr. LIU Keung, Mr. CHEUNG Pak Kit Simon and Mr. LAU Ho Kit Ivan will retire in coming annual general meeting by rotation, and being eligible, offer themselves for re-election.

#### **GENERAL COMMITTEE MEMBERS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS OF SIGNIFICANCE**

No transactions, arrangement and contracts of significance to which the Association was a party and in which a General Committee member of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

#### **BUSINESS REVIEW**

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

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GENERAL COMMITTEE'S REPORT

(CONTINUED)

***PERMITTED INDEMNITY PROVISION***

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the General Committee members of the Association is currently in force and was in force throughout the year.

***AUDITOR***

The auditor, Patrick Wong C.P.A. Limited, Chartered Accountants, Certified Public Accountants (Practising), retire at the Annual General Meeting but, being eligible, offer themselves for re-appointment.

FOR AND ON BEHALF OF THE GENERAL COMMITTEE

NG Sing Yip  
Chairman

Hong Kong, 14 August 2018

# 黃龍德會計師事務所有限公司

香港執業會計師、英國特許會計師

## PATRICK WONG C.P.A. LIMITED

Certified Public Accountants (Practising), Hong Kong Chartered Accountants

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黃龍德會計師

### 董事 Directors

黃龍德執業會計師  
銅紫荊星章、太平紳士  
劉旭明執業會計師

黃俊碩執業會計師

曾卓鋒執業會計師

**PATRICK WONG, PhD, BBS, JP**

FCPA(Practising), FCA, FCCA, FAIA, MSCA, FCIS, FCS, CTA(HK), FTIHK, FHKIoD

**LAU YUK MING, HAROLD**

FCPA(Practising), MSCA

**WONG CHUN SEK, EDMUND**

CPA(Practising), ACA, ACCA, ACIS, ACS, MSCA, ATIHK, BComm(Hons), MSc, MCG, MBA

**TSANG CHEUK FUNG, ANDY**

FCPA(Practising), MSCA, BBA(Hons), BEng(Hons)

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONG KONG AUTOMOBILE ASSOCIATION

香港汽車會

(INCORPORATED IN HONG KONG AS A COMPANY LIMITED BY GUARANTEE WITHOUT A SHARE CAPITAL)

#### Opinion

We have audited the financial statements of Hong Kong Automobile Association (the "Association") set out on pages 5 to 26, which comprise the statement of financial position as at 31 December 2017, and the income and expenditure account, statement of changes in funds and statement of cash flows for the year then ended, 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 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 ("HKSAs") 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 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.

#### Information other than the financial statements and auditor's report thereon

The General Committee is responsible for the other information. The other information comprises the information included in the General Committee's report, 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 General Committee and those charged with governance for the financial statements

The General Committee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the General Committee determines 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 General Committee is 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 General Committee either intends 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.

(to be continued, P.T.O.)

聯營公司：  
Associated :

龍德商務顧問有限公司  
LT Business Consultants Limited

澳門黃林梁郭有限公司  
Macau Wong Lam Leung & Kwok Limited

江門市龍德諮詢服務有限公司  
Jiangmen Longde Consultants Limited





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
**HONG KONG AUTOMOBILE ASSOCIATION**  
香港汽車會

(INCORPORATED IN HONG KONG AS A COMPANY LIMITED BY GUARANTEE WITHOUT A SHARE CAPITAL)  
(CONTINUED)

**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. This report is made solely to you, as a body, in accordance with Hong Kong Companies Ordinance, and for no other purposes. 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 the General Committee.
- Conclude on the appropriateness of the General Committee's 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.

**PATRICK WONG C.P.A. LIMITED**  
**黃龍德會計師事務所有限公司**  
*Certified Public Accountants*

劉旭明, 香港執業會計師  
**LAU YUK MING HAROLD**  
FCPA (Practising), MSCA  
Certified Public Accountant (Practising), Hong Kong  
Practising Certificate Number: P05468

Hong Kong, 14 August 2018

Ref : H716/A/PW/HL/1252/1289/486

# HONG KONG AUTOMOBILE ASSOCIATION

## 香港汽車會

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

### INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 DECEMBER 2017

	<u>Notes</u>	<u>2017</u> \$	<u>2016</u> \$
<b>Income</b>			
<b>Membership fee</b>			
Subscription fees		2,388,061	3,115,669
Entrance fees		92,500	142,900
<b>Total membership fee</b>		----- 2,480,561	----- 3,258,569
<b>Service income</b>			
Motor sports and drives income		3,715,468	4,425,049
Technical and breakdown services and sales income		1,821,971	2,027,180
Auto transport income		650,342	677,786
Insurance commission		499,313	650,052
<b>Total service income</b>		----- 6,687,094	----- 7,780,067
<b>Marketing income</b>			
		----- 286,280	----- 182,620
<b>Other income</b>			
Interest income		406,926	429,783
Reversal of provision for long service payment		-	114,397
Gain on disposal of plant and equipment		-	6,000
Compensation income		1,222,467	1,060,000
Corporate activities income		241,000	197,403
Exchange gain, net		18,705	-
Sundry income		216,666	99,154
Investment income		53,295	24,516
<b>Total other income</b>		----- 2,159,059	----- 1,931,253
<b>Total income</b>		----- 11,612,994	----- 13,152,509
<b>Less : Expenditure</b>			
Motor sports and drives expenses		2,737,028	2,289,702
Technical and breakdown services and sales expenses		4,444,266	4,985,166
Auto transport expenses		719,228	502,436
Insurance services expenses		391,185	571,790
Administration expenses		4,491,203	4,841,540
Loss on disposal of plant and equipment		122,752	-
Marketing expenses		70,812	304,651
Events and activities		1,078,641	158,282
Exchange loss on RMB time deposits		-	852,847
<b>Total expenditure</b>		----- 14,055,115	----- 14,506,414
<b>Deficit before tax</b>	5	(2,442,121)	(1,353,905)
Income tax expense	6	-	-
<b>Deficit for the year</b>		----- (2,442,121)	----- (1,353,905)

Deficit for the year represents the total comprehensive expense for the year presented, accordingly, no statement of comprehensive income is presented.

**HONG KONG AUTOMOBILE ASSOCIATION****香港汽車會**

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## STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	<u>Notes</u>	<u>2017</u> \$	<u>2016</u> \$
<b>Non-current asset</b>			
Plant and equipment	8	195,440	1,057,210
<b>Current assets</b>			
Accounts and other receivables	9	1,267,863	1,240,139
Trading securities	10	741,000	741,000
Inventories	11	86,783	93,674
Bank balances and cash	12	15,724,898	15,877,531
		17,820,544	17,952,344
Deduct:-			
<b>Current liability</b>			
Accounts and other payables	13	7,645,371	6,257,465
<b>Net current assets</b>		10,175,173	11,694,879
<b>Total assets less current liabilities</b>		10,370,613	12,752,089
<b>Non-current liability</b>			
Provision for long service payment		(140,150)	(79,505)
<b>Net assets</b>		10,230,463	12,672,584
<b>Funds</b>			
Accumulated surplus		10,160,463	12,602,584
General reserve		70,000	70,000
		10,230,463	12,672,584

APPROVED BY:-

NG Sing Yip  
General Committee memberHUI Koon Kuen Samuel  
General Committee member

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### STATEMENT OF CHANGES IN FUNDS YEAR ENDED 31 DECEMBER 2017

	<u>General reserve</u> \$	<u>Accumulated surplus</u> \$	<u>Total</u> \$
<b>Balance at 01/01/2016</b>	70,000	13,956,489	14,026,489
Deficit for the year	-	(1,353,905)	(1,353,905)
<b>Balance at 31/12/2016 and at 01/01/2017</b>	70,000	12,602,584	12,672,584
Deficit for the year	-	(2,442,121)	(2,442,121)
<b>Balance at 31/12/2017</b>	70,000	10,160,463	10,230,463