

**PEOPLE SERVICE CENTRE LIMITED**

民社服務中心有限公司

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**SEPTEMBER 30, 2018**

**PEOPLE SERVICE CENTRE LIMITED**

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## **PEOPLE SERVICE CENTRE LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited consolidated financial statements of the Centre and its subsidiaries (the "Group") for the year ended 30 September 2018.

#### Principal activities

During the year, the principal activities of the Group are to provide non-profit making social welfare services to the old, weak, poor and needy people.

#### Results

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 5 to 8.

#### Directors

The directors of the Centre during the year and up to the date of this report were:

Fung Kin Kee, Frederick	(Resigned on July 2, 2019)
Leung Kam Tao	(Resigned on July 2, 2019)
Tam Kwok Kiu	(Resigned on July 2, 2019)
Lee Yiu Kwan	
Tang Wai Chung	
Fung Ping Chuen	
Fung Kwok Kin	(Resigned on July 2, 2019)
Ng Hang Sau	
Hui Kam Shing	(Resigned on July 2, 2019)
Sze Tak Loy	(Resigned on July 2, 2019)
Ng Mei Carman	(Resigned on July 2, 2019)
Wong Kwok Kei	(Appointed on July 2, 2019)
Cheng Fung Ping Rosesangela	(Appointed on July 2, 2019)
Cheung Kwok Che	(Appointed on July 2, 2019)
Mok Hing Luen	(Appointed on July 2, 2019)
Chan Wai Yee Florance	(Appointed on July 2, 2019)

There being no provision in the articles of association to the contrary, all directors shall continue to hold office for the ensuing year.

#### Directors' interests

At no time during the year was the Centre or its subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of acquisition of shares in or debentures of the Centre, its subsidiaries or any other body corporate.

**PEOPLE SERVICE CENTRE LIMITED**

**REPORT OF THE DIRECTORS (Continued)**

Directors' interests in contracts

No director had a significant beneficial interest in any contract of significance to the business of the Centre or its subsidiaries to which the Centre or its subsidiaries was a party during the year.

Auditors

The Company's auditors, Clodick & Company, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

ON BEHALF OF THE BOARD



Mr. Ng Hang Sau  
CHAIRMAN, Hong Kong  
August 8, 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of  
PEOPLE SERVICE CENTRE LIMITED  
(Incorporated in Hong Kong and limited by guarantee)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the consolidated financial statements of People Service Centre Limited ("the Company") and its subsidiary (Collectively referred to as the "Group") set out on pages 5 to 24, which comprise the consolidated statement of comprehensive income, statements of changes in equity and consolidated statements of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at September 30, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") 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 Company 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.

#### Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entity issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's responsibilities for the audit of the Consolidated 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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.

**CLODICK & COMPANY**

*Certified Public Accountants (Practising)* **高迪會計師行**  
Rooms 1006, 299QRC, Tel.: 2850 7918  
299 Queen's Road, Central, Hong Kong. Fax.: 2850 4120

香港上環皇后大道中 299號 299QRC 1006室

**INDEPENDENT AUDITOR'S REPORT - Continued**

To the members of  
PEOPLE SERVICE CENTRE LIMITED  
(Incorporated in Hong Kong and limited by guarantee)

**Auditor's responsibilities for the audit of the financial statements (Continued)**

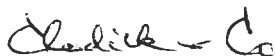
As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company 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.

**Other Matters which we are required to address**

This report is made solely to the members of the Company, 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.



**Clodick & Company**  
*Certified Public Accountants*  
Hong Kong, August 8, 2019

**PEOPLE SERVICE CENTRE LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 30 September 2018**

	Notes	2018 HK\$	2017 HK\$
Projects income			
Adplssc - Social Enterprise		420,000	420,000
Afternoon Tea for the Elderly		8,160	-
Caring the Elderly – Fund Raising Coupon 2016		-	267,435
Caring the Elderly – Fund Raising Coupon 2017		269,569	-
Charity Cantonese Opera 2016		-	260,207
Ciyu U Training Programme		22,981	-
Community Food Inter-Net		753,641	-
Delightful School Life Support Programme		878	179,750
Designated Fund for Community Development		-	632,386
Experiential Programme (FFA) 2016		-	26,810
Experiential Programme (FFA) 2017		24,450	25,890
Experiential Programme (FFA) 2018		44,450	-
Family Day Camp		7,340	-
Flag Selling Day 02122017		376,740	-
Food Friend Action Kowloon City Project (FCF)		617,673	831,899
Food Friend Action Sham Shui Po Project WRP422		579,392	844,135
Food Friend Action - Tuen Mun Project WRP445		-	542,909
Food Friend Action - Wong Tai Sin Project WRP423		660,487	1,023,997
Food Friend Action - Yau-Tsim Mong Project		-	39,671
Food Friend Action - Yau Tsim Mong Project WRP469		1,000,494	-
Food Friend Action - Public Education Project		322,289	309,652
Fund Raising for "Caring for the Deprived" Project (Marathon Race)		76,307	80,040
Happy Families in the Community		76,716	4,000
Hoi Lai Children Development Centre		110,583	105,050
Life Education Program		225,558	95,240
Parents' Mutual Help Child Care Centre		57,588	48,812
Promotion of Building Rehabilitation Scheme Cheung Sha Wan area		-	369,600
Reading Second Hand Books Scheme		-	19,303
Sham Shui Po Community Elderly Volunteer Network Development Programme		-	48,979
Sham Shui Po Elderly Life Education Programme		-	14,301
Sharing Day for the Family		2,585	-
Tuen Mun Food Share Project		-	194,485
Women Talent Show		-	390
		5,657,881	6,384,941

**PEOPLE SERVICE CENTRE LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 30 September 2018 (Continued)**

	Notes	2018 HK\$	2017 HK\$
Sundry income			
Bank Interest		44	43
Food and Beverage		-	1,508,790
Donation Income		624,122	460,657
Miscellaneous Income		32,200	24,500
Tour Income		78,116	63,580
		<u>734,482</u>	<u>2,057,570</u>
Total income		6,392,363	8,442,511
Projects expenditure		5,356,716	6,729,780
General expenditure		858,345	2,563,675
Total expenditure		<u>6,215,061</u>	<u>9,293,455</u>
Surplus/(Deficit) before taxation		177,302	(850,944)
Taxation	3	<u>-</u>	<u>-</u>
Surplus/(Deficit) after taxation		<u>177,302</u>	<u>(850,944)</u>



**PEOPLE SERVICE CENTRE LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 30 September 2018 (continued)**

	Notes	2018 HK\$	2017 HK\$
Projects expenditure			
Adplssc - Social Enterprise		19,017	7,402
Afternoon Tea for the Elderly		8,160	-
Caring for the Deprived Families		-	180
Caring the Elderly – Fund Raising Coupon 2016		-	150,664
Caring the Elderly – Fund Raising Coupon 2017		151,060	300
Charity Cantonese Opera 2016		-	234,969
Ciyu U Training Programme		6,177	-
Community Food Inter-Net		753,641	632,386
Delighted School Life Support Programme		33,200	147,427
Designated Fund for Community Development		-	23,715
Family Day Camp		7,242	-
Flag Selling Day 02122017		19,681	-
Food Friend Action - Kowloon City Project (FCF)		617,673	831,899
Food Friend Action Sham Shui Po Project WRP422		694,084	844,135
Food Friend Action - Tuen Mun Project WRP445		-	542,909
Food Friend Action - Wong Tai Sin Project WRP423		748,388	1,023,997
Food Friend Action - Yau Tsim Mong Project		-	987,006
Food Friend Action - Yau Tsim Mong Project WRP469		1,000,494	-
Food Friend Action - Public Education Project		357,289	334,652
Funds Raising for "Caring for the Deprived" Project (Marathon Race)		5,274	4,899
Happy Families in the Community		76,716	4,000
Hoi Lai Children Development Centre		362,978	226,220
Life Education Program		332,730	205,625
Parents' Mutual Help Child Care Centre		160,327	141,896
Promotion of Building Rehabilitation Scheme Cheung Sha Wan Area		-	109,241
Reading Second Hand Book Scheme		-	18,103
Sham Shui Po Community Elderly Volunteer network Development Programme		-	48,979
Sham Shui Po Elderly Life Education Programme		-	14,301
Sharing Day for the Family		2,585	-
Tuen Mun Food Share Project		-	194,485
Woman Talent Show		-	390
		5,356,716	6,729,780

**PEOPLE SERVICE CENTRE LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 30 September 2018 (continued)**

	Notes	2018 HK\$	2017 HK\$
General expenditure			
Administration fee		30,000	30,000
Auditors' remuneration and accounting fee		50,000	49,400
Advertising and promotion		85,088	4,472
Bank Charges		3,549	4,072
BR and licence Fee		4,500	3,749
Company secretarial fee		4,335	6,385
Cleaning		2,658	14,355
Consumable Tools		-	26,354
Depreciation		58,728	56,361
Electricity and water		23,728	124,556
Entertainment		3,232	10,094
Insurance		2,686	(2,751)
Local Travel		998	2,932
Membership Fee		2,400	4,400
MPF		11,667	60,266
Office Supplies		1,876	6,791
Printing & Stationery		12,160	8,404
Postage and courier		354	330
Rent & Rates & Building management fee		233,473	702,102
Repairs and maintenance		47,392	22,347
Salary		248,820	1,374,615
Staff Welfare		23,810	36,098
Stamp Duty Fee		483	-
Sundry Expenses		210	210
Telecommunication		5,430	11,622
Transportation		768	5,891
Uniform		-	620
		<u>858,345</u>	<u>2,563,675</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**PEOPLE SERVICE CENTRE LIMITED**

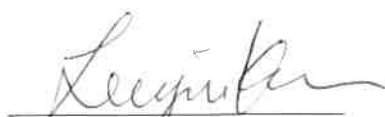
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**30 September 2018**

	Notes	2018 HK\$	2017 HK\$
<b>Non Current Assets</b>	4	<u>2,073,854</u>	<u>2,118,332</u>
<b>Current Assets</b>			
Bank and Cash		1,441,102	1,768,916
Accounts Receivable		1,162,767	193,951
Rental, Utility and Sundry deposits		98,990	96,340
Other receivables and prepayment		1,756,133	520,416
		4,458,992	2,579,623
<b>Current Liabilities</b>			
Amount due to a related party	5	1,314,826	1,267,434
Advance Receipt		2,441,696	971,461
Accrual		285,213	145,251
		<u>4,041,735</u>	<u>2,384,146</u>
<b>Net Current Assets</b>		<u>417,257</u>	<u>195,477</u>
<b>Total Assets less Current liabilities</b>		<u>2,491,111</u>	<u>2,313,809</u>
<b>Representing</b>			
Surplus brought forward		2,313,809	3,164,753
Surplus/(Deficit) for the year		<u>177,302</u>	<u>(850,944)</u>
Surplus carried forward		<u>2,491,111</u>	<u>2,313,809</u>

The financial statements on pages 5 to 24 were approved and authorised for issue by the Board of Directors on August 8, 2019 and are signed on its behalf by:

  
Mr. Ng Hang Sau, Director

  
Ms. Lee Yiu Kwan, Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**PEOPLE SERVICE CENTRE LIMITED**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**Year ended 30 September 2018**

	<b>Accumulated Surplus/(Deficit)</b>
At 1 October 2016	3,164,753
Net (deficit) for the year	(850,944)
At 30 September 2017 and 1 October 2017	<u>2,313,809</u>
Net surplus for the year	177,302
At 30 September 2018	<u><u>2,491,111</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**PEOPLE SERVICE CENTRE LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year ended 30 September 2018**

	<b>2018</b>	<b>2017</b>
	<b>HK\$</b>	<b>HK\$</b>
Operating Activities		
Surplus/(Deficit) before Taxation	177,302	(850,944)
Bank interest income	(44)	(43)
Depreciation	58,728	56,361
	<hr/>	<hr/>
Operating Surplus/(Deficit) before Changes in Working Capital	235,986	(794,626)
(Increase)/Decrease in Accounts Receivable	(968,816)	(24,541)
(Increase)/Decrease in Rental, Utility and Sundry Deposits	(2,650)	197,340
(Increase)/Decrease in Other receivables and prepayment	(1,235,717)	(503,416)
Increase in Amount due to a related party	47,392	-
Increase/(Decrease) in Advance Receipt	1,470,235	(536,794)
Increase/(Decrease) in Accrual	139,962	(155,604)
	<hr/>	<hr/>
Net Cash from/(used in) Operating Activities	(313,608)	(1,817,641)
Investing Activities		
Bank interest income	44	43
Purchase of Fixed Assets	(14,250)	(20,579)
Sales proceeds of fixed assets	-	231,099
	<hr/>	<hr/>
Net Cash from Investing Activities	(327,814)	(1,607,078)
Increase/(Decrease) in Cash and Cash Equivalents	(327,814)	(1,607,078)
Cash and Cash Equivalents at beginning of the year	1,768,916	3,375,994
	<hr/>	<hr/>
Cash and Cash Equivalents at end of the year	1,441,102	1,768,916
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the Balance of Cash and Cash Equivalents		
Cash and Bank Balance	1,441,102	1,768,916
	<hr/> <hr/>	<hr/> <hr/>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**PEOPLE SERVICE CENTRE LIMITED**

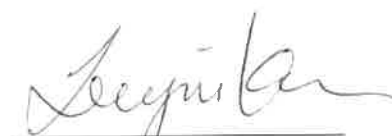
**STATEMENTS OF FINANCIAL POSITION**

**30 September 2018**

	Notes	2018 HK\$	2017 HK\$
Non Current Assets	4	2,073,853	2,118,332
Investment in Subsidiaries	6	106	106
		2,073,959	2,118,438
<b>Current Assets</b>			
Bank and Cash		1,065,991	1,338,106
Accounts Receivable		1,158,557	185,955
Amount due from subsidiaries	9	2,757,882	2,749,082
Rental, Utility and Misc. deposit		87,290	84,640
Other receivables and prepayment		1,756,133	520,416
		6,825,853	4,878,199
<b>Current Liabilities</b>			
Amount due to a related party	5	434,826	387,434
Advance receipt		2,441,696	971,461
Accrual		266,513	87,052
		3,143,035	1,445,947
<b>Net Current Assets</b>		3,682,818	3,432,252
<b>Total Assets less Current liabilities</b>		5,756,777	5,550,690
<b>Representing</b>			
Surplus brought forward		5,550,690	6,099,905
Surplus/(Deficit) for the year		206,087	(549,215)
Surplus carried forward		5,756,777	5,550,690

The financial statements on pages 5 to 24 were approved and authorised for issue by the Board of Directors on August 8, 2019 and are signed on its behalf by:

  
Mr. Ng Hang Sau, Director

  
Ms. Lee Yiu Kwan, Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**PEOPLE SERVICE CENTRE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 30 September 2018**

	Notes	2018 HK\$	2017 HK\$
Projects income			
Adplssc - Social Enterprise		420,000	420,000
Afternoon Tea for the Elderly		8,160	-
Caring the Elderly – Fund Raising Coupon 2016		-	267,435
Caring the Elderly – Fund Raising Coupon 2017		269,569	-
Charity Cantonese Opera 2016		-	260,207
City U Training Programme		22,981	-
Community Food Inter-Net		753,641	-
Delightful School Life Support Programme		878	179,750
Designated Fund for Community Development		-	632,386
Experiential Programme (FFA) 2016		-	26,810
Experiential Programme (FFA) 2017		24,450	25,890
Experiential Programme (FFA) 2018		44,450	-
Family Day Camp		7,340	-
Flag Selling Day 01122017		376,740	-
Food Friend Action Kowloon City Project (FCF)		617,673	831,899
Food Friend Action Sham Shui Po Project WRP422		579,392	844,135
Food Friend Action - Tuen-Mun Project WRP445		-	542,909
Food Friend Action - Wong Tai Sin Project WRP423		660,487	1,023,997
Food Friend Action - Yau Tsim Mong Project		-	39,671
Food Friend Action - Yau Tsim Mong Project WRP469		1,000,494	-
Food Friend Action - Public Education Project		322,289	309,652
Fund Raising for "Caring for the Deprived" Project (Marathon Race)		76,307	80,040
Happy Families in the Community		76,716	4,000
Hoi Lai Children Development Centre		110,583	105,050
Life Education Program		225,558	95,240
Parents' Mutual Help Child Care Centre		57,588	48,812
Promotion of Building Rehabilitation Scheme Cheung Sha Wan area		-	369,600
Reading Second Hand Books Scheme		-	19,303
Sham Shui Po Community Elderly Volunteer Network Development Programme		-	48,979
Sham Shui Po Elderly Life Education Programme		-	14,301
Sharing Day for the Family		2,585	-
Tuen Mun Food Share Project		-	194,485
Women Talent Show		-	390
		5,657,881	6,384,941

**PEOPLE SERVICE CENTRE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 30 September 2018 (Continued)**

	Notes	2018 HK\$	2017 HK\$
Sundry income			
Bank Interest		17	35
Donation Income		624,122	460,657
Miscellaneous Income		32,200	24,500
		<u>656,339</u>	<u>485,192</u>
Total income		6,314,220	6,870,133
Projects expenditure		5,356,716	6,729,780
General expenditure		751,417	689,568
Total expenditure		<u>6,108,133</u>	<u>7,419,348</u>
Surplus/(Deficit) before taxation		206,087	(549,215)
Taxation	3	<u>-</u>	<u>-</u>
Surplus/(Deficit) after taxation		<u>206,087</u>	<u>(549,215)</u>



**PEOPLE SERVICE CENTRE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 30 September 2018 (continued)**

	Notes	2018 HK\$	2017 HK\$
Projects expenditure			
Adplssc - Social Enterprise		19,017	7,402
Afternoon Tea for the Elderly		8,160	-
Caring for the Deprived Families		-	180
Caring the Elderly – Fund Raising Coupon 2016		-	150,664
Caring the Elderly – Fund Raising Coupon 2017		151,060	300
Charity Cantonese Opera 2016		-	234,969
City U Training Programme		6,177	-
Community Food Inter-Net		753,641	632,386
Delighted School Life Support Programme		33,200	147,427
Designated Fund for Community Development		-	23,715
Family Day Camp		7,242	-
Flag Selling Day 02122017		19,681	-
Food Friend Action - Kowloon City Project (FCF)		617,673	831,899
Food Friend Action Sham Shui Po Project WRP422		694,084	844,135
Food Friend Action - Tuen Mun Project WRP445		-	542,909
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Life Education Program		332,730	205,625
Parents' Mutual Help Child Care Centre		160,327	141,896
Promotion of Building Rehabilitation Scheme Cheung Sha Wan Area		-	109,241
Reading Second Hand Book Scheme		-	18,103
Sham Shui Po Community Elderly Volunteer network Development Programme		-	48,979
Sham Shui Po Elderly Life Education Programme		-	14,301
Sharing Day for the Family		2,585	-
Tuen Mun Food Share Project		-	194,485
Woman Talent Show		-	390
		5,356,716	6,729,780

**PEOPLE SERVICE CENTRE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 30 September 2018 (continued)**

	<b>2018</b>	<b>2017</b>
	<b>HK\$</b>	<b>HK\$</b>
General expenditure		
Advertising and promotion	85,088	3,872
Auditors' remuneration and accounting fee	32,300	24,500
Bank Charges	1,829	2,300
Company secretarial fee	1,085	2,085
Cleaning	2,658	7,117
Depreciation	58,728	56,361
Electricity and water	23,728	22,977
Entertainment	3,232	10,094
Insurance	2,126	1,491
Local travel	866	2,932
Membership and licence fee	2,400	4,400
MPF	9,867	13,723
Office Supplies	1,876	5,117
Printing & Stationery	6,530	4,135
Postage and courier	154	160
Rent & Rates & building management fee	233,473	222,616
Repairs and maintenance	47,392	21,050
Salary	212,820	255,682
Staff Welfare	21,771	18,745
Stamp Duty Fee	483	-
Telecommunication	2,243	4,516
Transportation	768	5,695
	<hr/>	<hr/>
	751,417	689,568
	<hr/>	<hr/>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

## **PEOPLE SERVICE CENTRE LIMITED**

### **ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS**

**30 September 2018**

#### **CORPORATE INFORMATION**

People Service Centre Limited (the “Centre”) is a non-profit making company incorporated in Hong Kong with limited by guarantee and not having a share capital. The Centre’s registered office is located at Room 206 and 208, Podium Floor, Block 19, Shek Kip Mei Estate, Kowloon, Hong Kong. The principal activities of the Centre are to provide non-profit making social welfare services to the old, weak, poor and needy people.

#### **1. BASIS OF PREPARATION**

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes 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”) and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. They have been prepared under the historical cost convention.

The consolidated financial statements for the year ended 30 September 2018 comprise the Company and its subsidiary (together referred to as the “Group”). The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The HKICPA has issued certain new and revised HKFRS’s that are first effective or available for early adoption for the current accounting year of the Centre. There have been no significant changes to accounting policies applied in these financial statements as a result of these developments. The Centre has not adopted any new standard or interpretation that is not yet effective for the current financial year.

#### **2. PRINCIPAL ACCOUNTING POLICIES**

##### Consolidation

The consolidated financial statements include the financial statements of the Centre and all its subsidiaries made up to 30 September 2018.

## PEOPLE SERVICE CENTRE LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

30 September 2018

#### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

##### Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

##### Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. The cost of asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the income and expenditure account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalized as an additional cost of that asset.

## PEOPLE SERVICE CENTRE LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

30 September 2018

#### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

##### Fixed assets and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows :

Leasehold Land and building	4.0%
Motor Vehicles	12.5%
Decoration	20.0%
Project Furniture and equipment	20.0%
Office equipment and machinery	25.0%

##### Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization), had no impairment loss been recognized for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

## PEOPLE SERVICE CENTRE LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

30 September 2018

#### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

##### Revenue recognition

- i) Income from fund raising is recognised when the fund raising events have taken place.
- ii) Donations are recognised when received.

##### Employees' benefits

###### i) Employees' leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Revenue represents income from fund raising events and donations.

###### ii) Pension obligations

Contributions made to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the income and expenditure account as incurred.

##### Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdraft which are repayable on demand.

##### Related parties

A party is considered to be related to the Centre, if:

- (i) the party, directly or indirectly through one or more intermediaries, (1) controls, is controlled by, or is under common control with, the Centre; (2) has an interest in the Centre that gives it significant influence over the Centre; or (3) has joint control over the Centre;
- (ii) the party is an associate;
- (iii) the party is a jointly-controlled entity;
- (iv) the party is a member of the key management personnel of the Centre or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) to (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of the employees of the Centre or of any entity that is a related party of the Centre.

**PEOPLE SERVICE CENTRE LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS**

**30 September 2018**

**3. TAXATION**

No provision for Hong Kong profits tax has been made as the Centre is entitled to exemption from tax under Section 88 of the Inland Revenue Ordinance.

**4. FIXED ASSETS (Group and company)**

	Leasehold Land and building HK\$	Office Equipment and machinery HK\$	Motor Vehicle HK\$	Decoration HK\$	Project Furniture & Equipment HK\$	Total HK\$
Cost :						
As at 1 October 2017	2,443,900	69,626	-	-	-	2,513,526
Additions	-	14,250	-	-	-	14,250
Sales Proceeds	-	-	-	-	-	-
As at 30 September 2018	2,443,900	83,876	-	-	-	2,527,776
Accumulated depreciation:						
As at 1 October 2017	342,146	53,048	-	-	-	395,192
Charge for the year	48,878	9,850	-	-	-	58,728
Sales Proceeds	-	-	-	-	-	-
Asset written off	-	-	-	-	-	-
As at 30 September 2018	391,024	62,898	-	-	-	453,922
Net book value :						
As at 30 September 2018	2,052,876	20,978	-	-	-	2,073,854
As at 30 September 2017	2,101,754	16,578	-	-	-	2,118,332

Note : Land and building was a property donated by Sham Shui Po Residents Livelihood Concern Group Limited.

**5. AMOUNT DUE (TO) A RELATED COMPANY**

The amount due to a related company is unsecured, interest-free and repayable on demand.

**PEOPLE SERVICE CENTRE LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS**

**30 September 2018**

**6. INTEREST IN SUBSIDIARIES**

	2018 HK\$	2017 HK\$
Unlisted shares, at cost	106	106

Particulars of the subsidiaries at the balance sheet date were as follows:

<u>Company</u>	<u>Place of incorporation and operations</u>	<u>Nominal value of fully paid share capital</u>	<u>Percentage of equity attributable to the company</u>	<u>Principal activities</u>
ADPL Social Service Enterprise Limited	Hong Kong	HK\$100	100	Organize tours, provide food & beverage for social.
ADPL Sam Hong Mutual Workers Aid Engineering Limited	Hong Kong	HK\$6	100	Short term building contracts for Sam Hong workers

**7. REMUNERATION OF THE DIRECTORS**

No directors received any fees or other emoluments in respect of their services rendered to the Centre during the year.

**8. COMMITMENT UNDER OPERATING LEASE**

At 30 September 2018, the Company had the following total minimum lease payments payable under non-cancellable operating leases regarding office premises :

	2018 HK\$	2017 HK\$
Within one year	678,870	477,840
After one and within two years	294,700	340,070
	<u>973,570</u>	<u>817,910</u>



**PEOPLE SERVICE CENTRE LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS**

**30 September 2018**

9. AMOUNT DUE FROM SUBSIDIARIES

<u>Name of subsidiary</u>	<u>Balance at 09/30/2018</u>	<u>Balance at 09/30/2017</u>	<u>Maximum balance Outstanding during the year</u>	<u>Terms</u>
	HK\$	HK\$	HK\$	
ADPL Social Service Enterprise Limited	2,403,215	2,394,415	2,403,215	Unsecured, Interest free, no fixed repayment term
ADPL Sam Hong Mutua Workers Aid Engineering Limited	354,667	354,667	354,667	Unsecured, Interest free, no fixed repayment term
	<u>2,757,882</u>	<u>2,749,082</u>		

10. CHARITY'S FLAG DAY FUND RAISING EVENT

The surplus funding of HK\$357,059 on Flag Day which held on December 2, 2017 has been used in this year to the following activities:

	HK\$
Supporting expenses :	
- Salary	107,228
Business development :	
- Life Education Program	93,095
- Parents' Mutual help Child Care Centre	83,549
- Hoi Lai Children Development Centre	73,187
	<u>249,831</u>
	<u>357,059</u>
Balance of funding unused	-

**PEOPLE SERVICE CENTRE LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS**

**30 September 2018**

**11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Management considered the Centre's exposures to risks of credit, liquidity; interest rate and foreign currency are minimal.

**12. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the board of directors on August 8, 2019.