

Report of the Directors

Audited Financial Statements

PEOPLE SERVICE CENTRE LIMITED

民社服務中心有限公司

30 September 2019

PEOPLE SERVICE CENTRE LIMITED

CONTENTS

	Pages
DIRECTORS' REPORT	1-2
INDEPENDENT AUDITOR'S REPORT	3-4
Consolidated Statement of Comprehensive Income	5-8
Consolidated Statements of Financial Position	9
Statements of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Statements of Comprehensive Income	12-15
Statements of Financial Position	16
Notes to the Consolidated Financial Statements	17-24

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 2019.

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:

Lee Yiu Kwan
Tang Wai Chung
Fung Ping Chuen
Ng Hang Sau
Wong Kwok Kei
Cheng Fung Ping Rosesangela
Cheung Kwok Che
Mok Hing Luen
Chan Wai Yee Florance

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 3, 2020

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, 2019, 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 3, 2020

PEOPLE SERVICE CENTRE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2019

	Notes	2019 HK\$	2018 HK\$
Projects income			
Food Friend Action - Sham Shui Po Project		-	579,392
Food Friend Action - Wong Tai Sin Project		-	660,487
Food Friend Action - Yau Tsim Mong Project		997,613	1,000,494
Food Friend Action - Kowloon City Project		853,814	617,673
Food Friend Action - Tuen Mun Project		1,024,302	-
Food Friend Action - Sham Shui Po Very Green Project		472,264	-
Food Friend Action - Public Education Project		377,083	391,189
Community Food Inter-Net Project		-	753,641
Community Food Inter-Net Wong Tai Sin Project		906,149	-
Adplssc - Social Enterprise		105,000	420,000
Flag Selling Days		755,767	376,740
Fund Raising Programs		404,812	345,876
Hoi Lai Children Development Centre		91,200	111,461
Life Education Program		289,515	233,718
Parents' Mutual Help Child Care Centre		49,695	57,588
Community Programs		239,372	109,622
		6,566,586	5,657,881

PEOPLE SERVICE CENTRE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2019 (Continued)

	Notes	2019 HK\$	2018 HK\$
Sundry income			
Bank Interest		435	44
Donation Income		362,498	624,122
Miscellaneous Income		80,510	32,200
Tour Income		48,156	78,116
		491,599	734,482
 Total income		 7,058,185	 6,392,363
Projects expenditure		5,973,251	5,356,716
General expenditure		559,976	858,345
Total expenditure		6,533,227	6,215,061
 Surplus before taxation		 524,958	 177,302
Taxation	3	-	-
 Surplus after taxation		 524,958	 177,302

PEOPLE SERVICE CENTRE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2019 (continued)

	Notes	2019 HK\$	2018 HK\$
Projects expenditure			
Food Friend Action - Sham Shui Po Project		-	694,084
Food Friend Action - Wong Tai Sin Project		-	748,388
Food Friend Action - Yau Tsim Mong Project		997,613	1,000,494
Food Friend Action - Kowloon City Project		853,814	617,673
Food Friend Action - Tuen Mun Project		1,024,302	-
Food Friend Action - Sham Shui Po Very Green Project		472,264	-
Food Friend Action - Public Education Project		372,083	357,289
Community Food Inter-Net Project		-	753,641
Community Food Inter-Net Wong Tai Sin Project		906,149	-
Adplssc - Social Enterprise		4,452	19,017
Flag Selling Days		24,698	19,681
Fund Raising Programs		146,832	156,334
Hoi Lai Children Development Centre		350,845	396,178
Life Education Program		443,898	340,890
Parents' Mutual Help Child Care Centre		176,140	160,327
Community Programs		200,161	92,720
		<hr/>	<hr/>
		5,973,251	5,356,716
		<hr/>	<hr/>

PEOPLE SERVICE CENTRE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2019 (continued)

	Notes	2019 HK\$	2018 HK\$
General expenditure			
Administration fee		30,000	30,000
Auditors' remuneration and accounting fee		51,300	50,000
Advertising and promotion		35,149	85,088
Bank Charges		6,580	3,549
BR and licence Fee		2,250	4,500
Company secretarial fee		6,585	4,335
Cleaning		2,958	2,658
Depreciation		60,711	58,728
Electricity and water		24,351	23,728
Entertainment		-	3,232
Insurance		2,164	2,686
Local Travel		809	998
Membership Fee		4,980	2,400
MPF		12,106	11,667
Office Supplies		4,760	1,876
Printing & Stationery		5,079	12,160
Postage and courier		521	354
Rent & Rates & Building management fee		58,929	233,473
Repairs and maintenance		2,000	47,392
Salary		222,151	248,820
Staff Welfare		20,830	23,810
Stamp Duty Fee		-	483
Sundry Expenses		298	210
Telecommunication		4,794	5,430
Transportation		671	768
		<hr/>	<hr/>
		559,976	858,345
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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

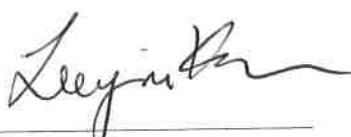
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 September 2019

	Notes	2019 HK\$	2018 HK\$
Non Current Assets	4	<u>2,025,643</u>	<u>2,073,854</u>
Current Assets			
Bank and Cash		1,092,148	1,441,102
Accounts Receivable		1,666,236	1,162,767
Rental, Utility and Sundry deposits		111,690	98,990
Other receivables and prepayment		3,422,967	1,756,133
		6,293,041	4,458,992
Current Liabilities			
Amount due to a related party	5	1,284,826	1,314,826
Advance Receipt		3,326,685	2,441,696
Accrual		691,104	285,213
		5,302,615	4,041,735
Net Current Assets		<u>990,426</u>	<u>417,257</u>
Total Assets less Current liabilities		<u>3,016,069</u>	<u>2,491,111</u>
Representing			
Surplus brought forward		2,491,111	2,313,809
Surplus for the year		<u>524,958</u>	<u>177,302</u>
Surplus carried forward		<u>3,016,069</u>	<u>2,491,111</u>

The financial statements on pages 5 to 24 were approved and authorised for issue by the Board of Directors on August 3, 2020 and are signed on its behalf by:


Mr. Ng Hung 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 2019

	Accumulated Surplus
At 1 October 2017	2,313,809
Net surplus for the year	177,302
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At 30 September 2018 and 1 October 2018	2,491,111
Net surplus for the year	524,958
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At 30 September 2019	3,016,069
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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 2019

	2019	2018
	HK\$	HK\$
Operating Activities		
Surplus before Taxation	524,958	177,302
Bank interest income	(435)	(44)
Depreciation	60,711	58,728
	<u>585,234</u>	<u>235,986</u>
Operating Surplus before Changes in Working Capital	585,234	235,986
(Increase) in Accounts Receivable	(503,469)	(968,816)
(Increase) in Rental, Utility and Sundry Deposits	(12,700)	(2,650)
(Increase) in Other receivables and prepayment	(1,666,834)	(1,235,717)
(Decrease)/Increase in Amount due to a related party	(30,000)	47,392
Increase in Advance Receipt	884,989	1,470,235
Increase in Accrual	405,891	139,962
	<u>(336,889)</u>	<u>(313,608)</u>
Net Cash used in Operating Activities	(336,889)	(313,608)
Investing Activities		
Bank interest income	435	44
Purchase of Fixed Assets	(12,500)	(14,250)
	<u>(348,954)</u>	<u>(327,814)</u>
Net Cash from Investing Activities	(348,954)	(327,814)
(Decrease) in Cash and Cash Equivalents	(348,954)	(327,814)
Cash and Cash Equivalents at beginning of the year	1,441,102	1,768,916
Cash and Cash Equivalents at end of the year	<u>1,092,148</u>	<u>1,441,102</u>
Analysis of the Balance of Cash and Cash Equivalents		
Cash and Bank Balance	<u>1,092,148</u>	<u>1,441,102</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

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2019

	Notes	2019 HK\$	2018 HK\$
Projects income			
Food Friend Action - Sham Shui Po Project		-	579,392
Food Friend Action - Wong Tai Sin Project		-	660,487
Food Friend Action - Yau Tsim Mong Project		997,613	1,000,494
Food Friend Action - Kowloon City Project		853,814	617,673
Food Friend Action - Tuen Mun Project		1,024,302	-
Food Friend Action - Sham Shui Po Very Green Project		472,264	-
Food Friend Action - Public Education Project		377,083	391,189
Community Food Inter-Net Project		-	753,641
Community Food Inter-Net Wong Tai Sin Project		906,149	-
Adplssc - Social Enterprise		105,000	420,000
Flag Selling Days		755,767	376,740
Fund Raising Programs		404,812	345,876
Hoi Lai Children Development Centre		91,200	111,461
Life Education Program		289,515	233,718
Parents' Mutual Help Child Care Centre		49,695	57,588
Community Programs		239,372	109,622
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		6,566,586	5,657,881
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PEOPLE SERVICE CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2019 (Continued)

	Notes	2019 HK\$	2018 HK\$
Sundry income			
Bank Interest		173	17
Donation Income		362,498	624,122
Miscellaneous Income		74,905	32,200
		<u>437,576</u>	<u>656,339</u>
Total income		7,004,162	6,314,220
Projects expenditure		5,973,251	5,356,716
General expenditure		1,377,632	751,417
Total expenditure		<u>7,350,883</u>	<u>6,108,133</u>
(Deficit)/Surplus before taxation		(346,721)	206,087
Taxation	3	<u>-</u>	<u>-</u>
(Deficit)/Surplus after taxation		<u>(346,721)</u>	<u>206,087</u>

PEOPLE SERVICE CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2019 (continued)

	Notes	2019 HK\$	2018 HK\$
Projects expenditure			
Food Friend Action - Sham Shui Po Project		-	694,084
Food Friend Action - Wong Tai Sin Project		-	748,388
Food Friend Action - Yau Tsim Mong Project		997,613	1,000,494
Food Friend Action - Kowloon City Project		853,814	617,673
Food Friend Action - Tuen Mun Project		1,024,302	-
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Adplssc - Social Enterprise		4,452	19,017
Flag Selling Days		24,698	19,681
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Community Programs		200,161	92,720
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		5,973,251	5,356,716
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PEOPLE SERVICE CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2019 (continued)

	2019	2018
	HK\$	HK\$
General expenditure		
Advertising and promotion	35,149	85,088
Auditors' remuneration and accounting fee	32,750	32,300
Bank Charges	4,240	1,829
Company secretarial fee	1,155	1,085
Cleaning	2,958	2,658
Depreciation	60,710	58,728
Electricity and water	24,351	23,728
Entertainment	-	3,232
Impairment loss on investment in subsidiary	925,031	-
Insurance	1,045	2,126
Local travel	597	866
Membership and licence fee	4,980	2,400
MPF	10,126	9,867
Office Supplies	4,760	1,876
Printing & Stationery	4,079	6,530
Postage and courier	321	154
Rent & Rates & building management fee	58,930	233,473
Repairs and maintenance	2,000	47,392
Salary	182,551	212,820
Staff Welfare	19,300	21,771
Stamp Duty Fee	-	483
Telecommunication	1,928	2,243
Transportation	671	768
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	1,377,632	751,417
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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

As at 30 September 2019

	Notes	2019 HK\$	2018 HK\$
Non Current Assets	4	2,025,643	2,073,853
Investment in Subsidiaries	6	100	106
		2,025,743	2,073,959
Current Assets			
Bank and Cash		1,062,120	1,065,991
Accounts Receivable		1,655,886	1,158,557
Amount due from subsidiaries	9	2,133,215	2,757,882
Rental, Utility and Misc. deposit		99,990	87,290
Other receivables and prepayment		3,422,967	1,756,133
		8,374,178	6,825,853
Current Liabilities			
Amount due to a related party	5	984,826	434,826
Advance receipt		3,326,685	2,441,696
Accrual		678,354	266,513
		4,989,865	3,143,035
Net Current Assets		3,384,313	3,682,818
Total Assets less Current liabilities		5,410,056	5,756,777
Representing			
Surplus brought forward		5,756,777	5,550,690
(Deficit)/Surplus for the year		(346,721)	206,087
Surplus carried forward		5,410,056	5,756,777

The financial statements on pages 5 to 24 were approved and authorised for issue by the Board of Directors on August 3, 2020 and are signed on its behalf by:



Mr. Ng Hang Sau, Director



Ms. Lee Yu 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

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

30 September 2019

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 2019 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 2019.

PEOPLE SERVICE CENTRE LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

30 September 2019

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 2019

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 2019

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 2019

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	83,876	-	-	-	2,527,776
Additions	-	12,500	-	-	-	12,500
Sales Proceeds	-	-	-	-	-	-
As at 30 September 2019	2,443,900	96,376	-	-	-	2,540,276
Accumulated depreciation:						
As at 1 October 2017	391,024	62,898	-	-	-	453,922
Charge for the year	48,878	11,833	-	-	-	60,711
Sales Proceeds	-	-	-	-	-	-
Asset written off	-	-	-	-	-	-
As at 30 September 2019	439,902	74,731	-	-	-	514,633
Net book value :						
As at 30 September 2019	2,003,998	21,645	-	-	-	2,025,643
As at 30 September 2018	2,052,876	20,978	-	-	-	2,073,854

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 2019

6. INTEREST IN SUBSIDIARIES

	2019 HK\$	2018 HK\$
Unlisted shares, at cost	100	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.

Notes : ADPL Sam Hong Mutual Workers Aid Engineering Limited ceased its business on March 31, 2019 and an impairment loss on investment in this subsidiary amount to HK\$925,031

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 2019, the Company had the following total minimum lease payments payable under non-cancellable operating leases regarding office premises :

	2019 HK\$	2018 HK\$
Within one year	492,768	678,870
After one and within two years	394,302	294,700
	<u>887,070</u>	<u>973,570</u>

PEOPLE SERVICE CENTRE LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

30 September 2019

9. AMOUNT DUE FROM SUBSIDIARIES

<u>Name of subsidiary</u>	<u>Balance at 09/30/2019</u> HK\$	<u>Balance at 09/30/2018</u> HK\$	<u>Maximum balance Outstanding during the year</u> HK\$	<u>Terms</u>
ADPL Social Service Enterprise Limited	2,133,215	2,403,215	2,403,215	Unsecured, Interest free, no fixed repayment term
ADPL Sam Hong Mutual Workers Aid Engineering Limited	-	354,667	354,667	Unsecured, Interest free, no fixed repayment term
	<u>2,133,215</u>	<u>2,757,882</u>	<u>2,757,882</u>	

10. CHARITY'S FLAG DAY FUND RAISING EVENT

The surplus funding of HK\$386,899 on Flag Day which held on December 29, 2018 and surplus funding of HK\$344,170 on Flag Day which held on August 10, 2019 have been used in this year to the following activities:

	HK\$
Supporting expenses :	
- Salary	119,520

Business development :	
- Life Education Program	75,744
- Parents' Mutual help Child Care Centre	99,724
- Hoi Lai Children Development Centre	171,105

	346,573

	466,093
	=====
Balance of funding unused	264,976
	=====

PEOPLE SERVICE CENTRE LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

30 September 2019

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 3, 2020.