

ROYAL ASIATIC SOCIETY HONG KONG BRANCH
(A Registered Charitable Institution)

Report and Financial Statements for the
year ended 31 December 2019

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

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31 DECEMBER 2019

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE COUNCIL OF
ROYAL ASIATIC SOCIETY HONG KONG BRANCH**

Opinion

We have audited the financial statements of Royal Asiatic Society Hong Kong Branch ("the Branch") set out on pages 3 to 11, which comprise the statement of financial position at 31 December 2019, and the statement of comprehensive income, and statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the state of the Branch's affairs as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards for Private Entities ("HKFRSs for Private Entities"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 Branch 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 Council for the financial statements

The Council of the Branch is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs for Private Entities issued by the HKICPA, and for such internal control as the Council of the Branch 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 Council of the Branch is responsible for assessing the Branch'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 Council either intend to liquidate the Branch or to cease operations, or have no realistic alternative but to do so.

The Council of the Branch is responsible for overseeing the Branch's financial reporting process.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE COUNCIL OF
ROYAL ASIATIC SOCIETY HONG KONG BRANCH**

Auditor's responsibilities for the audit of the financial statements (con't)

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism through 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 Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council'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 Branch'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 Branch 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 the Council 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ian Hasell & Co

Ian Hasell & Co.
Certified Public Accountants (Practising)
Hong Kong, 2 March 2020

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ROYAL ASIATIC SOCIETY HONG KONG BRANCH

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
SUBSCRIPTIONS			
Life		39,498	32,480
Annual		229,938	223,314
		<u>269,436</u>	<u>255,794</u>
ORGANISED ACTIVITIES			
Income from participants		104,580	112,610
Expenses		(75,642)	(72,082)
		<u>28,938</u>	<u>40,528</u>
SALES OF PUBLICATIONS			
Sales of journals		7,100	6,140
Sales of old journals and publications		1,003	790
		<u>8,103</u>	<u>6,930</u>
OTHER INCOME			
Bank interest income		130	42
Dividends		26,184	25,580
Donations	4	70	30
Royalty income		18,856	18,221
Others		3,450	800
		<u>48,690</u>	<u>44,673</u>
NET INCOME		355,167	347,925
EXPENDITURE			
Annual journal	5	(70,002)	(70,154)
(Loss) on disposal of financial assets		-	(1,756)
Other operating expenses	6	(267,810)	(238,584)
SURPLUS FOR THE YEAR		17,355	37,431
OTHER COMPREHENSIVE INCOME			
Net (loss) on available-for-sale financial assets		(15,450)	(84,519)
Other comprehensive income for the year		<u>(15,450)</u>	<u>(84,519)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,905</u>	<u>(47,088)</u>

The notes on pages 7 to 11 form an integral part of these financial statements.

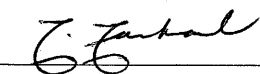
ROYAL ASIATIC SOCIETY HONG KONG BRANCH

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 HK\$	2018 HK\$
ASSETS			
CURRENT ASSETS			
Cash and bank balances	7	309,630	292,718
Other receivable and prepayment		2,000	-
		311,630	292,718
NON-CURRENT ASSETS			
Available-for-sale investments	8	512,330	527,780
Property, plant and equipment	9	5,177	9,539
		517,507	537,319
TOTAL ASSETS		829,137	830,037
LIABILITIES AND RESERVES			
CURRENT LIABILITIES			
Subscriptions received in advance		91,162	93,170
Accruals		12,908	13,705
		104,070	106,875
RESERVES			
Accumulated funds		693,397	676,042
Investment revaluation reserves		31,670	47,120
		725,067	723,162
TOTAL LIABILITIES AND RESERVES		829,137	830,037


 Helen Tinsley
 Council Member


 Connie Carmichael
 Council Member

The notes on pages 7 to 11 form an integral part of these financial statements.

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Accumulated funds</u>	<u>Investment revaluation reserves</u>	<u>Total</u>
	HK\$	HK\$	HK\$
Balance at 1. 1.2018	638,611	131,639	770,250
Total comprehensive income for the year	<u>37,431</u>	<u>(84,519)</u>	<u>(47,088)</u>
Balance at 31.12.2018	676,042	47,120	723,162
Total comprehensive income for the year	<u>17,355</u>	<u>(15,450)</u>	<u>1,905</u>
Balance at 31.12.2019	<u><u>693,397</u></u>	<u><u>31,670</u></u>	<u><u>725,067</u></u>

The notes on pages 7 to 11 form an integral part of these financial statements.

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 HK\$	2018 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		17,355	37,431
Adjustments for:			
Bank interest income		(130)	(42)
Dividend income		(26,184)	(25,580)
Loss on disposal of financial assets		-	1,756
Depreciation		4,362	4,363
OPERATING (DEFICIT)/ SUPLUS BEFORE WORKING CAPITAL CHANGES		(4,597)	17,928
(Increase)/ decrease in other receivable and prepayment		(2,000)	10,127
(Decrease)/ increase in subscription received in advance		(2,008)	7,720
(Decrease)/ increase in accruals		(797)	196
NET CASH (USED IN)/ GENERATED FROM OPERATING ACTIVITIES		(9,402)	35,971
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets		-	24,723
Payments for purchase of financial assets		-	(25,978)
Dividend received		26,184	25,580
Bank interest income		130	42
NET CASH GENERATED FROM INVESTING ACTIVITIES		26,314	24,367
NET INCREASE			
IN CASH AND CASH EQUIVALENTS		16,912	60,338
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		292,718	232,380
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7	309,630	292,718

The notes on pages 7 to 11 form an integral part of these financial statements.

ROYAL ASIATIC SOCIETY HONG KONG BRANCH**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2019****1. GENERAL INFORMATION**

The Royal Asiatic Society Hong Kong Branch (“the Branch”) was established as a branch of the Royal Asiatic Society of Great Britain and Northern Ireland.

The objectives of the Branch are to educate the general public by the development and dissemination of knowledge of Asia, particularly Hong Kong and its region.

On 18 September 2001, the Branch achieved recognition as a charitable institution of a public character within the meaning of the Hong Kong Inland Revenue Ordinance.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The basis of preparation and accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements of the Branch have been prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities (HKFRS for Private Entities). The financial statements have been prepared under the historical cost convention.

Certain new standards, interpretations and amendments to existing accounting standards have been issued by the Hong Kong Institute of Certified Public Accountants that are relevant to the Branch business and are mandatory for the Branch’s accounting periods beginning on or after 1 January 2020. The Branch has not early adopted these new standards, amendments and interpretations for the year ended 31 December 2019. The Branch has already commenced an assessment of the impact of these new standards, interpretations and amendments but is not yet in a position to quantify the impact of these new standards, amendments and interpretations on its results of operations and financial position.

b) Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements of the Branch are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Hong Kong dollars, which is the Branch’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Foreign exchange gains and losses that related to borrowings and cash and cash equivalents are presented in profit and loss within “finance costs”. All other exchange gains and losses are presented in profit and loss within “other income” or “other expenses”.

ROYAL ASIATIC SOCIETY HONG KONG BRANCH**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2019****2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CON'T)****c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

d) Other receivables and prepayment

Other receivables and prepayment are recognised initially at the transactions price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Branch will not be able to collect all amounts due according to the original terms of receivables.

e) Available-for-sale investments

Available-for-sale investments are listed share and measured at fair value. Changes in fair value are recognised in the equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the investment revaluation reserve relating to a previous revaluation of that asset until the investment is disposed of or is determined to be impaired, at which time, in cumulative gain or loss previously recognised in the investment revaluation serves is removed from equity and recognised in profit and loss.

f) Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write-off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives of the property, plant and equipment are 4 years.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of profit or loss.

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CON'T)

g) Subscriptions received in advance

The subscriptions are life memberships received and accounted for by five equal installments into profit and loss, commencing with the year in which it is received.

h) Revenue recognition

Income is classified by the Branch as revenue when it arises from the sale of goods, the provision of services in the ordinary course of the Branch's business.

Revenue is recognized when control over a product or service is transferred to the customers, at the amount of promised consideration to which the Branch is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Branch's revenue and other income recognition policies are as follows:

- (1) life subscription income relating to life membership is taken into account in five equal installments, commencing with the year in which it is received;
- (2) annual subscription income is accounted for as it is received, except that amount received from new members joining after 31 October in any one year are carried forward into the following year;
- (3) income relating to organized activities is taken into account when the activities are completed;
- (4) advertising in Journal is recognised when the advertising is published;
- (5) interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and in the interest rates applicable;
- (6) donation income is recognised when payment is received;
- (7) Royalty income is recognised when payment is received;

i) Impairment of non-financial assets, other than inventories

At each reporting date, equipment is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected assets is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amounts of the asset is increased to the revised estimated of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

j) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Branch has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. DONATIONS

Donations received during the year amounted to HK\$ 70 (2018: HK\$30)

5. ANNUAL JOURNAL

	<u>2019</u>	<u>2018</u>
	HK\$	HK\$
Journal printing cost	<u>70,002</u>	<u>70,154</u>

6. OTHER OPERATING EXPENSES

	<u>2019</u>	<u>2018</u>
	HK\$	HK\$
Administrator's salary	133,313	158,981
Accounting fee	14,400	14,400
Audit fee	12,000	12,000
Bank charges	2,245	2,038
Consultancy fee	60,870	-
Depreciation	4,362	4,363
Flowers and memorials	960	880
Insurance expenses	1,375	1,513
MPF contribution	6,666	7,946
Rent	18,000	18,000
Repair and maintenance	77	3,400
Sundry expenses	6,601	8,118
Office expenses	6,888	6,860
Travelling expenses	53	85
	<u>267,810</u>	<u>238,584</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

7. CASH AND CASH EQUIVALENTS

	2019 HK\$	2018 HK\$
Cash and cash equivalents comprised in HKD	309,630	292,718

8. AVAILABLE-FOR-SALE INVESTMENTS

	2019 HK\$	2018 HK\$
Listed shares, at market value		
Beginning of the year	527,780	612,800
Addition during the year	-	25,978
Disposal during the year	-	(26,479)
Net (loss) transfer to reserves	(15,450)	(84,519)
	<u>512,330</u>	<u>527,780</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Computer HK\$	Furniture HK\$	Printer HK\$	Total HK\$
Cost				
At 1.1.2018, 31.12.2018 and 31.12.2019	<u>15,219</u>	<u>6,734</u>	<u>8,298</u>	<u>30,251</u>
Accumulated depreciation				
At 1.1.2018	9,396	842	6,111	16,349
Charge for the year	<u>2,055</u>	<u>1,684</u>	<u>624</u>	<u>4,363</u>
At 31.12.2018	11,451	2,526	6,735	20,712
Charge for the year	<u>2,055</u>	<u>1,684</u>	<u>623</u>	<u>4,362</u>
At 31.12.2019	<u>13,506</u>	<u>4,210</u>	<u>7,358</u>	<u>25,074</u>
Net book value				
At 31.12.2019	<u>1,713</u>	<u>2,524</u>	<u>940</u>	<u>5,177</u>
At 31.12.2018	<u>3,768</u>	<u>4,208</u>	<u>1,563</u>	<u>9,539</u>

10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Council on 2 March 2020.