

ROYAL ASIATIC SOCIETY HONG KONG BRANCH
(A REGISTERED CHARITABLE INSTITUTION)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Council of Royal Asiatic Society Hong Kong Branch
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Royal Asiatic Society Hong Kong Branch ("the Branch") set out on pages 3 to 13, which comprise the statement of financial position as at 31st December 2020, and the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the state of the Branch's affairs as at 31st December 2020, and of its financial performance and its 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").

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 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 and Those Charged with Governance 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 HKFRS 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. Those charged with governance are 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 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.

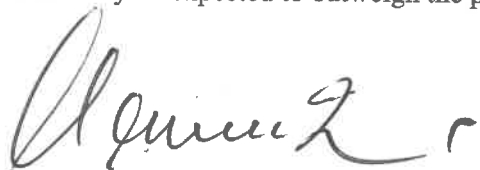
As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 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.

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.

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.



Clemence Y.C. Lo & Co.
Certified Public Accountants (Practising)
Hong Kong, 10th March 2021.

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2020

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
Income	3	253,846	382,119
Cost		<u>(3,596)</u>	<u>(75,642)</u>
Gross profit		250,250	306,477
Other income	4	78,661	48,690
General and administration expenses		<u>(329,686)</u>	<u>(337,812)</u>
(DEFICIT)/SURPLUS FOR THE YEAR	5	<u>(775)</u>	<u>17,355</u>


ROYAL ASIATIC SOCIETY HONG KONG BRANCH

STATEMENT OF FINANCIAL POSITION

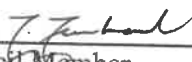
AS AT 31ST DECEMBER 2020

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
NON-CURRENT ASSETS			
Available-for-sale investments	7	464,350	512,330
Property, plant and equipment	8	-	5,177
		<u>464,350</u>	<u>517,507</u>
CURRENT ASSETS			
Other receivables and prepayment		-	2,000
Bank and cash balances	9	275,896	309,630
		<u>275,896</u>	<u>311,630</u>
Less: CURRENT LIABILITIES			
Accrued expenses		12,000	12,908
Subscriptions received in advance		51,934	91,162
		<u>63,934</u>	<u>104,070</u>
NET CURRENT ASSETS		<u>211,962</u>	<u>207,560</u>
NET ASSETS		<u>676,312</u>	<u>725,067</u>
<i>financed by:</i>			
RESERVES			
Accumulated funds		692,622	693,397
Investment revaluation reserve		(16,310)	31,670
		<u>676,312</u>	<u>725,067</u>

Approved by the Members of the Executive Committee on 10th March 2021.



Council Member
Helen Tinsley



Council Member
Connie Carmichael

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Accumulated <u>funds</u> HK\$	Investment revaluation <u>reserves</u> HK\$	<u>Total</u> HK\$
Balance at 31st December 2018	676,042	47,120	723,162
Surplus/(Deficit) for the year	<u>17,355</u>	<u>(15,450)</u>	<u>1,905</u>
Balance at 31st December 2019	693,397	31,670	725,067
Deficit for the year	<u>(775)</u>	<u>(47,980)</u>	<u>(48,755)</u>
Balance at 31st December 2020	<u><u>692,622</u></u>	<u><u>(16,310)</u></u>	<u><u>676,312</u></u>

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2020

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/Surplus for the year		(775)	17,355
Adjustments for:			
Interest income		-	(130)
Dividend income		(6,977)	(26,184)
Depreciation		5,177	4,362
		<u> </u>	<u> </u>
Operating deficit before working capital changes		(2,575)	(4,597)
Decrease/(Increase) in trade and other receivables		2,000	(2,000)
Decrease in accrued expenses		(908)	(797)
Decrease in subscriptions received in advance		(39,228)	(2,008)
		<u> </u>	<u> </u>
NET CASH USED IN OPERATING ACTIVITIES		<u>(40,711)</u>	<u>(9,402)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend income received		6,977	26,184
Interest income		-	130
		<u> </u>	<u> </u>
NET CASH GENERATED FROM INVESTING ACTIVITIES		<u>6,977</u>	<u>26,314</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(33,734)	16,912
CASH AND CASH EQUIVALENTS AT 1ST JANUARY		<u>309,630</u>	<u>292,718</u>
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER		<u>275,896</u>	<u>309,630</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	9	<u>275,896</u>	<u>309,630</u>

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Royal Asiatic Society Hong Kong Branch (“the Branch”) is established as a branch of the Royal Asiatic Society of Great Britain and Northern Ireland. The address of its registered office is 18/F., Princess Building, 10 Chater Road, Central, Hong Kong. The principal activities 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 18th 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

These financial statements have been prepared 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 (the “HKICPA”), accounting principles generally accepted in Hong Kong.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Revenue recognition

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

Revenue is recognized when control over a product or services 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.

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of preparation and accounting policies (continued)

(a) Revenue recognition (continued)

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

- (i) life subscription income relating to life membership is taken into account in five equal installments, commencing with the year in which it is received;
- (ii) annual subscription income is accounted for as it is received, except that amount received from new members joining after 31st October in any one year are carried forward into the following year;
- (iii) income relating to organized activities is taken into account when the activities are completed;
- (iv) advertising in the Journal is recognised when the advertising is published;
- (v) interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and in the interest rates applicable;
- (vi) donation income is recognised when payment is received;
- (vii) royalty income is recognised when payment is received.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each 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 in the financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of preparation and accounting policies (continued)

(c) Available-for-sale investments

Available-for-sale investments are listed shares and are measured at fair value. Changes in fair value are recognised in the reserves, 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 reserves is removed from reserves and recognised in profit and loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Computer	25%
Furniture	25%
Printer	25%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

(e) Impairment of assets

At each reporting date, property, plant and equipment and intangible assets are 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 asset is estimated and compared with its carrying amount. If 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.

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of preparation and accounting policies (continued)

(e) Impairment of assets (continued)

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If an item of inventory is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate 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 or loss.

(f) 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.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash held at banks.

(h) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Branch has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

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

3. Revenue

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

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Subscriptions	229,341	269,436
Sales of publications	12,205	8,103
Organised activities	12,300	104,580
	<u>253,846</u>	<u>382,119</u>

4. Other income

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Bank interest income	-	130
Dividends	6,977	26,184
Donations	52,000	70
Royalty income	18,877	18,856
Others	807	3,450
	<u>78,661</u>	<u>48,690</u>

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

NOTES TO THE FINANCIAL STATEMENTS

5. (Deficit)/ Surplus for the year

(Deficit)/ Surplus for the year is stated after charging the following:

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Salaries and allowances	-	133,313
Defined contribution to provident fund	-	6,666
	-	139,979
Auditors' remuneration	<u>12,000</u>	<u>12,000</u>

6. Income tax expenses

No provision for taxation has been made as the Branch is exempted from tax liabilities under Section 88 of the Inland Revenue Ordinance.

7. Available-for-sale investments

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Listed shares, at market value		
Beginning of the year	512,330	527,780
Net (loss) transfer to reserves	<u>(47,980)</u>	<u>(15,450)</u>
	<u>464,350</u>	<u>512,330</u>

ROYAL ASIATIC SOCIETY HONG KONG BRANCH
NOTES TO THE FINANCIAL STATEMENTS

8. Property, plant and equipment

	<u>Computer</u> HK\$	<u>Furniture</u> HK\$	<u>Printer</u> HK\$	<u>Total</u> HK\$
Cost				
At 31st December 2019	15,219	6,734	8,298	30,251
Additions	-	-	-	-
At 31st December 2020	<u>15,219</u>	<u>6,734</u>	<u>8,298</u>	<u>30,251</u>
Accumulated depreciation				
At 31st December 2019	13,506	4,210	7,358	25,074
Charge for the year	<u>1,713</u>	<u>2,524</u>	<u>940</u>	<u>5,177</u>
At 31st December 2020	<u>15,219</u>	<u>6,734</u>	<u>8,298</u>	<u>30,251</u>
Net book value				
At 31st December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 2019	<u>1,713</u>	<u>2,524</u>	<u>940</u>	<u>5,177</u>

9. Cash and bank balances

	<u>2020</u> HK\$	<u>2019</u> HK\$
Cash at bank and in hand	<u>275,896</u>	<u>309,630</u>
Cash and cash equivalents in the statement of cash flow	<u>275,896</u>	<u>309,630</u>

10. Approval of financial statements

The financial statements were authorized for issue by the Council on 10th March 2021.

FOR MANAGEMENT INFORMATION PURPOSES ONLY

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

DETAILED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2020

	<u>2020</u> HK\$	<u>2019</u> HK\$
INCOME		
SUBSCRIPTIONS		
Life	28,828	39,498
Annual	<u>200,513</u>	<u>229,938</u>
	229,341	269,436
SALES OF PUBLICATIONS		
Sales of journals	10,255	7,100
Sales of old journals and publications	<u>1,950</u>	<u>1,003</u>
	12,205	8,103
ORGANISED ACTIVITIES - Income from participants	<u>12,300</u>	<u>104,580</u>
	253,846	382,119
COST		
ORGANISED ACTIVITIES -Expenses	<u>(3,596)</u>	<u>(75,642)</u>
GROSS PROFIT	250,250	306,477
OTHER INCOME		
Bank interest income	-	130
Dividends	6,977	26,184
Donations	52,000	70
Royalty income	18,877	18,856
Others	<u>807</u>	<u>3,450</u>
	78,661	48,690
	328,911	355,167
<u>Less:</u> GENERAL AND ADMINISTRATION EXPENSES (Schedule 1)	<u>329,686</u>	<u>337,812</u>
(DEFICIT)/SURPLUS FOR THE YEAR	<u>(775)</u>	<u>17,355</u>

FOR MANAGEMENT INFORMATION PURPOSES ONLY

ROYAL ASIATIC SOCIETY HONG KONG BRANCH

Schedule 1

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
<u>GENERAL AND ADMINISTRATION EXPENSES</u>		
Salaries and allowances	-	133,313
Accounting fee	3,600	14,400
Auditors' remuneration	12,000	12,000
Annual journal	70,560	70,002
Contribution to mandatory provident funds	-	6,666
Bank charges	2,136	2,245
Consultancy fee	146,000	60,870
Depreciation	5,177	4,362
Donation	52,000	-
Flowers and memorials	-	960
Insurance	-	1,375
Office expenses	2,715	6,888
Rent	25,200	18,000
Repairs and maintenance	-	77
Travelling	100	53
Sundry expenses	10,198	6,601
	<u>329,686</u>	<u>337,812</u>