

**ROYAL ASIATIC SOCIETY HONG KONG**  
(Registered in Hong Kong under the Societies Ordinance)

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



**YM HUI WONG & CO.**

許王會計師事務所 - Certified Public Accountants  
Hong Kong

**ROYAL ASIATIC SOCIETY HONG KONG**  
(registered in Hong Kong under the Societies Ordinance)

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**CONTENTS**

	<b>Pages</b>
Independent Auditor's Report	1-2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Reserves	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11
 <b>Appendix - for management purposes only</b>	
Detailed statement of Comprehensive Income	12



# YM HUI WONG & CO.

許王會計師事務所 - Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL OF ROYAL ASIATIC SOCIETY HONG KONG ("the Branch") (registered in Hong Kong under the Societies Ordinance)**

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### *Opinion*

We have audited the financial statements of the Branch set out on pages 3 to 11, which comprise the statement of financial position as at 31 December 2022, statement of comprehensive income, statement of changes in reserves, 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 of the Branch give a true and fair view of the financial position of the Branch as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements.

### *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 in our report. We are independent of the Branch in accordance with HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other 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 the Council of the Branch and those charged with governance for the Financial Statements*

The Council of the Branch is responsible for the preparation of 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*

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

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Certified Public Accountants

Hong Kong, 1 Mar 2023

**ROYAL ASIATIC SOCIETY HONG KONG**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<u>Note</u>	<u>2022</u> HK\$	<u>2021</u> HK\$
<b>Revenue</b>	3	289,182	326,168
Cost of sales & services	4	<u>(101,630)</u>	<u>(107,660)</u>
<b>Gross income</b>		187,552	218,508
Administrative expenses		<u>(246,606)</u>	<u>(217,662)</u>
<b>(Deficit) / surplus for the year</b>	5	<u><u>(59,054)</u></u>	<u><u>846</u></u>

ROYAL ASIATIC SOCIETY HONG KONG

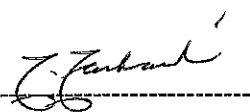
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> HK\$	<u>2021</u> HK\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		238,756	310,346
Deposits and prepayment		450	-
		<u>239,206</u>	<u>310,346</u>
<b>Non-current assets</b>			
Plant and equipment	7	3,839	5,758
Available-for-sale investments	8	448,295	511,180
		<u>452,134</u>	<u>516,938</u>
<b>Total assets</b>		<u><u>691,340</u></u>	<u><u>827,284</u></u>
<b>LIABILITIES AND RESERVES</b>			
<b>Current liabilities</b>			
Subscription received in advance		65,783	73,516
Accruals		23,508	29,780
		<u>89,291</u>	<u>103,296</u>
<b>Reserves</b>			
Accumulated fund		634,414	693,468
Investment revaluation reserve		(32,365)	30,520
		<u>602,049</u>	<u>723,988</u>
<b>Total liabilities and reserves</b>		<u><u>691,340</u></u>	<u><u>827,284</u></u>

*Approved on behalf of the Council on 1 Mar 2023*



Dr. Helen Tinsley  
President



Connie Carmichael  
Hon Treasurer

ROYAL ASIATIC SOCIETY HONG KONG

STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Accumulated <u>fund</u> HK\$	Investment revaluation <u>reserve</u> HK\$	<u>Total</u> HK\$
At 1.1.2021	692,622	(16,310)	676,312
Surplus for the year	846	46,830	47,676
	<hr/>	<hr/>	<hr/>
At 1.1.2022	693,468	30,520	723,988
(Deficit) for the year	(59,054)	(62,885)	(121,939)
	<hr/>	<hr/>	<hr/>
At 31.12.2022	<u>634,414</u>	<u>(32,365)</u>	<u>602,049</u>

**ROYAL ASIATIC SOCIETY HONG KONG**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<u>2022</u> HK\$	<u>2021</u> HK\$
<b>Operating activities</b>		
(Deficit) / surplus before tax	(59,054)	846
Adjustments for:		
Dividend income	(17,365)	(15,920)
Depreciation	1,919	1,919
<i>Operating (deficit) before changes in working capital</i>	<u>(74,500)</u>	<u>(13,155)</u>
Increase / Decrease in:-		
Deposits & pepayment	(450)	-
Subscription received in advance	(7,733)	21,582
Accrued charges	(6,272)	17,780
<i>Net cash (used in) / generated from operating activities</i>	<u>(88,955)</u>	<u>26,207</u>
<b>Investing activities</b>		
Purchase of plant and equipment	-	(7,677)
Dividend income	17,365	15,920
<i>Net cash generated from investing activities</i>	<u>17,365</u>	<u>8,243</u>
<b>Net (decrease) / increase in cash and cash equivalent</b>	(71,590)	34,450
<b>Cash and cash equivalent at 1.1.2022</b>	<u>310,346</u>	<u>275,896</u>
<b>Cash and cash equivalent at 31.12.2022</b>	<u><u>238,756</u></u>	<u><u>310,346</u></u>



## ROYAL ASIATIC SOCIETY HONG KONG

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1) GENERAL INFORMATION

Royal Asiatic Society Hong Kong (“the Branch”) was registered in Hong Kong under the Societies Ordinance. The Branch’s registered office is located at Flat C, 15/F., Venice Court, Realty Gardens, 41 Conduit Road, Central, Hong Kong. Its parent Association is the Royal Asiatic Society of Great Britain and Ireland.

The principal activities of the Branch are to encourage an active interest in East Asia, in particular in Hong Kong, through lectures, discussions, overseas visits and publication of an annual journal.

#### 2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong.

The financial statements have been prepared under the historical cost convention.

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

##### *Foreign currency translation*

##### (a) Functional and presentation currency

Items included in the financial statements of the Branch are measured using the Hong Kong dollar as the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Branch’s presentation currency.

##### (b) Transactions and balances

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

##### *Cash and cash equivalents*

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

##### *Taxation*

The Branch is an approved Charitable Branch of a public character, was exempt from all taxes under the Inland Revenue Ordinance, Hong Kong until 5 Mar 2021. On this date, the Inland Revenue withdraw the Branch’s tax exemption status. The Branch is currently reapplying for the tax exemption status to be reinstated and to be included on the Inland Revenue’s digital database.

## ROYAL ASIATIC SOCIETY HONG KONG

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2) BASIS OF PREPARATION AND ACCOUNTING POLICIES - continued

##### *Plant and equipment*

Items of plant and equipment are measured at cost less accumulated depreciation and any 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 rates are used for the depreciation of property, plant and equipment.

Furniture & equipment	25%
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If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

##### *Impairment of assets*

An assessment is made at each reporting date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the assets in prior years.

##### *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 recognised 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 expense to the extent that it exceeds the balance, if any, held in the investment revaluation reserve relating to a previous revaluation of that assets 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 or loss.

## ROYAL ASIATIC SOCIETY HONG KONG

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2) BASIS OF PREPARATION AND ACCOUNTING POLICIES - continued

##### *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts, rebates, returns, sales-related taxes and after eliminating sales within the Branch.

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the Branch and the revenue and costs, if applicable, can be measured reliably, as follows:

- i) Annual subscription fees are recognized as received, except for that amount received from new members joining after 31 October in any year which are carried forward into the following year;
- ii) Life subscription fees relating to life members are recognised over five equal installments, commencing within the year in which it is received;
- iii) Event income is recognized when the services are provided and the event is successfully completed;
- iv) Sales of the journal and other publications on cash basis when sold and delivered;
- v) Donation and royalty income are recognised when payment is received;
- vi) Interest received is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

#### 3) REVENUE

Revenue represents the invoiced value of the Branch's charitable activities during the year.

	<u>2022</u> HK\$	<u>2021</u> HK\$
Member subscription fees - annual	183,540	180,962
Member subscription fees - life	26,318	26,318
Event income	25,710	46,970
Sales of publications	13,677	200
Royalty income	21,320	54,596
Dividend income	17,365	15,920
Bank interest received	2	2
Sundry income	<u>1,250</u>	<u>1,200</u>
	<u>289,182</u>	<u>326,168</u>

#### 4) COST OF SALES AND SERVICES

	<u>2022</u> HK\$	<u>2021</u> HK\$
Event charges	23,050	28,685
Annual journal	<u>78,580</u>	<u>78,975</u>
	<u>101,630</u>	<u>107,660</u>

**ROYAL ASIATIC SOCIETY HONG KONG**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

5) (DEFICIT) / SURPLUS FOR THE YEAR

The following items have been recognised as expenses in determining (deficit) / surplus for the year:-

	<u>2022</u>	<u>2021</u>
	HK\$	HK\$
Audit fee	13,800	12,800
Operating lease charged on property rental	27,600	27,600
Depreciation	1,919	1,919
Staff costs:		
- Salaries and other benefits	120,000	24,000
- MPF expenses	6,000	1,200
	<u>          </u>	<u>          </u>

6) INCOME TAX EXPENSE

The Branch, being a non-profit making organization, is exempted from Hong Kong profits tax by virtue of Section 88 of the Hong Kong Inland Revenue Ordinance. However, the Branch's recognition of tax exemption was withdrawn on 5 March 2021. The Branch is now applying for for Reinstatement of Tax Exemption Recognition.

No Hong Kong profits tax has been provided in these accounts as the Branch incurred a loss for the year.

7) PLANT AND EQUIPMENT

	<u>Furniture &amp; equipment</u>
	HK\$
<u>Cost</u>	
At 1.1.2021	30,251
Additions	<u>7,677</u>
At 1.1.2022	37,928
Additions	<u>-</u>
At 31.12.2022	<u>37,928</u>
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<u>Acc.depreciation and impairment losses</u>	
At 1.1.2021	30,251
Provided	<u>1,919</u>
At 1.1.2022	32,170
Provided	<u>1,919</u>
At 31.12.2022	<u>34,089</u>
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<u>Carrying amount</u>	
At 31.12.2022	<u>          </u> <u>3,839</u>
At 31.12.2021	<u>          </u> <u>5,758</u>

**ROYAL ASIATIC SOCIETY HONG KONG**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

8) AVAILABLE-FOR-SALE INVESTMENTS

	<u>2022</u> HK\$	<u>2021</u> HK\$
Listed shares at fair value		
Beginning of year	511,180	464,350
(Deficit) / surplus transfer to investment reserve	<u>(62,885)</u>	<u>46,830</u>
Carrying amount	<u>448,295</u>	<u>511,180</u>

9) APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Council of the Branch on 1 Mar 2023.

ROYAL ASIATIC SOCIETY HONG KONG

(For management  
purpose only )

DETAILED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>2022</u> HK\$	<u>2021</u> HK\$
<u>GROSS REVENUE</u>		
Member Subscriptions - annual	183,540	180,962
Member Subscriptions - life	26,318	26,318
Event Income	25,710	46,970
Sales of Publications	13,677	200
Royalty Income	21,320	54,596
Dividend Income	17,365	15,920
Bank Interest Received	2	2
Sundry Income	1,250	1,200
	<u>289,182</u>	<u>326,168</u>
<u>COST OF SALES &amp; SERVICES</u>		
Event Charges	23,050	28,685
Annual Journal	78,580	78,975
	<u>101,630</u>	<u>107,660</u>
GROSS INCOME	187,552	218,508
<u>ADMINISTRATIVE EXPENSES</u>		
Salaries & Allowances	120,000	24,000
MPF Expenses	6,000	1,200
Rent	27,600	27,600
Telephone & Internet	3,828	3,828
Printing and Stationery	2,768	319
Postage & Courier	-	2,950
Office Expenses	1,811	1,685
Insurance	1,225	1,226
Consultancy Fee	62,978	134,425
Travelling Expenses	300	-
Audit Fee	13,800	12,800
Bank Charges	2,105	2,233
Depreciation	1,919	1,919
Sundry Expenses	2,272	3,477
	<u>246,606</u>	<u>217,662</u>
(DEFICIT) / SURPLUS FOR THE YEAR	<u>(59,054)</u>	<u>846</u>