

Report of the Directors

Audited Financial Statements

PEOPLE SERVICE CENTRE LIMITED

民社服務中心有限公司

30 September 2016

PEOPLE SERVICE CENTRE LIMITED

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PEOPLE SERVICE CENTRE LIMITED

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements of the Centre and its subsidiaries (the "Group") for the year ended 30 September 2016.

Principal activities

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

Results

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

Directors

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

Fung Kin Kee, Frederick
Leung Kam Tao
Tam Kwok Kiu
Lee Yiu Kwan
Tang Wai Chung
Fung Ping Chuen
Fung Kwok Kin
Ng Hang Sau
Hui Kam Shing
Sze Tak Loy (Appointed on December 5, 2016)

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. Fung Kin Kee Frederick
CHAIRMAN, Hong Kong
April 25, 2017

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

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

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 23, which comprise the consolidated and Company statements of financial position as at 30 September, 2016, and the consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume any responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

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

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 September 2016 and of its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Clodick & Co

Clodick & Company
Certified Public Accountants
Hong Kong, April 25, 2017

PEOPLE SERVICE CENTRE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2016

	Notes	2016 HK\$	2015 HK\$
Projects income			
Adplssc - Social Enterprise		420,000	420,000
Book Exchange Programme 2015		-	81,541
Caring the Elderly – Fund Raising Coupon 2014		-	178,560
Caring the Elderly – Fund Raising Coupon 2015		84,915	-
Charity Cantonese Opera		-	-
Chinese Permanent Cemeteries - Life Education Project		-	35,746
Designated Fund for Community Development		330,000	540,000
Enhance Citizen Participation Project		89,000	-
Enhance Development through Caring and Community Inclusion Project		-	37,945
Enhance Development through Caring and Mentorship		223,960	-
Experiential Programme (FFA) 2014		-	11,610
Experiential Programme (FFA) 2015		14,060	17,350
Experiential Programme (FFA) 2016		19,190	-
Flag day 03012015		-	387,564
Flag Selling Day 20022016	8	438,978	-
Food Donation Advocacy and Public Education Project		378,336	192,509
Food Friend Action - Kowloon City Project		256,448	152,201
Food Friend Action Kowloon City project (FCF)		205,285	-
Food Friend Action Sham Shui Po Project WRP291		388,461	365,791
Food Friend Action Sham Shui Po Project WRP422		322,820	-
Food Friend Action - Tuen Mun Project		126,311	777,552
Food Friend Action - Wong Tai Sin Project		648,998	810,983
Food Friend Action - Wong Tai Sin Project WRP423		359,420	-
Food Friend Action - Yau Tsim Mong Project		1,554,360	-
Food Waste Recycling Campaign		96,239	79,454
Fund Raising for "Caring for the Deprived" Project (Marathon Race)		88,980	114,229
Hoi Lai Children Development Centre		103,497	121,357
Keep Clean 2015@Hong Kong		-	4,000
Life Education Program		158,820	155,440
My Food Friend Diary		-	720
Parents' Mutual Help Child Care Centre		65,657	70,923
Promotion of Building Rehabilitation Scheme Cheung Sha Wan area		374,400	270,400
Promotion of Building Rehabilitation Scheme Hung Hom Area		258,400	252,000
Promotion of Building Rehabilitation Scheme Ma Tau Kok Area		280,800	264,800
Reading Second Hand Books Scheme		59,592	22,000
Shamshuipo Caring for Living Alone Elderly Volunteer Project		100,000	-
		<u>7,446,927</u>	<u>5,364,675</u>

PEOPLE SERVICE CENTRE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2016 (Continued)

	Notes	2016 HK\$	2015 HK\$
Sundry income			
Bank Interest		45	44
Food and Beverage		2,672,867	2,396,872
Cleaning and Recycle Income		673,372	2,144,688
Contract Work Income		95,256	787,324
Donation Income		373,807	306,570
Miscellaneous Income		15,800	17,100
Gain on disposal of fixed assets		125,102	-
Tour Income		94,094	109,576
		<u>4,050,343</u>	<u>5,762,174</u>
Total income		11,497,270	11,126,849
Projects expenditure		6,719,531	6,093,350
General expenditure		5,226,117	6,226,192
Total expenditure		<u>11,945,648</u>	<u>12,319,542</u>
(Deficit) before taxation		(448,378)	(1,192,693)
Taxation	3	-	-
(Deficit) after taxation		<u>(448,378)</u>	<u>(1,192,693)</u>

PEOPLE SERVICE CENTRE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2016 (continued)

	Notes	2016 HK\$	2015 HK\$
Projects expenditure			
Adplssc - Social Enterprise			
Book Exchange Programme 2015		30,676	27,795
Caring for the Deprived Families		-	78,842
Caring the Elderly – Fund Raising Coupon 2014		2,580	2,220
Caring the Elderly – Fund Raising Coupon 2015		-	108,592
Caring the Elderly – Fund Raising Coupon 2016		45,955	300
Chinese Permanent Cemeteries - Life Education Project		300	-
Designated Fund for Community Development		-	32,126
Enhance Development through Caring and Community Inclusion Project		680,407	554,831
Enhance Development through Caring and Mentorship		-	417,687
Enhancing Citizen Participation Project		228,715	8,400
Experiential Programme (FFA) 2014		84,893	-
Experiential Programme (FFA) 2015		-	398
Flag Day 03012015		-	1,500
Flag Selling Day 20022016		-	387,564
Food Donation Advocacy and Public Education Project	8	27,085	-
Food Friend Action - Kowloon City Project		348,030	338,865
Food Friend Action - Kowloon City Project (FCF)		450,875	518,219
Food Friend Action Sham Shui Po Project WRP291		221,171	-
Food Friend Action Sham Shui Po Project WRP422		430,769	552,846
Food Friend Action - Tuen Mun Project		208,128	-
Food Friend Action - Wong Tai Sin Project		617,789	513,693
Food Friend Action - Wong Tai Sin Project WRP423		795,202	810,110
Food Friend Action - Yau Tsim Mong Project		271,519	-
Food Waste Recycling Campaign		744,665	414,990
Funds Raising for "Caring for the Deprived" Project (Marathon Race)		88,799	79,454
Hoi Lai Children Development Centre		5,750	4,480
Keep Clean 2015@Hong Kong		123,754	78,688
Life Education Program		3,452	726
My Food Friend Diary		494,919	151,187
Parents' Mutual Help Child Care Centre		-	8,831
Promotion of Building Rehabilitation Scheme Cheung Sha Wan Area		155,439	73,960
Promotion of Building Rehabilitation Scheme Hung Hom Area		273,779	348,711
Promotion of Building Rehabilitation Scheme Ma Tau Kok Area		105,607	274,078
Promotion of Food Sharing Program in Chuk Yuen		111,553	292,784
Reading Second Hand Book Scheme		-	5,473
Shamshuipo Caring for Living Alone Elderly Volunteer Project		67,593	6,000
		100,127	-
		<u>6,719,531</u>	<u>6,093,350</u>

PEOPLE SERVICE CENTRE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2016 (continued)

	Notes	2016 HK\$	2015 HK\$
General expenditure			
Administration fee			
Auditors' remuneration and accounting fee		30,000	30,000
Advertising and promotion		91,140	61,740
Bad Debts		29,423	99,074
Bank Charges		79,500	-
BR and licence Fee		3,216	3,682
Cleaning		7,320	7,134
Consumable Tools		6,699	21,087
Depreciation		73,796	83,122
Electricity and water		163,519	238,020
Entertainment		190,426	163,151
Insurance		3,101	4,671
Leasehold improvement written off		29,319	40,936
Legal & Professional Fee		66,250	-
Local Travel		29,300	42,000
Membership Fee		22,223	55,444
Motor Vehicle Expenses		200	2,200
MPF		43,550	70,446
Office Supplies		122,136	182,865
Printing & Stationery		21,791	12,956
Postage and courier		14,912	16,233
Rent & Rates & Building management fee		1,418	2,906
Repairs and maintenance		1,293,633	1,037,606
Salary		4,426	9,200
Staff Recruitment		2,793,160	3,946,322
Staff Welfare		-	355
Stamp Duty Fee		37,400	38,890
Sundry Expenses		422	1,803
Telecommunication		30,324	17,679
Transportation		34,763	31,559
Uniform		1,734	5,111
		1,016	-
		<u>5,226,117</u>	<u>6,226,192</u>

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

PEOPLE SERVICE CENTRE LIMITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

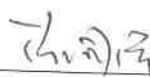
30 September 2016

	Notes	2016 HK\$	2015 HK\$
Non Current Assets	4	<u>2,385,213</u>	<u>2,641,380</u>
Current Assets			
Bank and Cash			
Accounts Receivable		3,375,994	1,763,881
Work in Progress		169,410	375,822
Rental, Utility and Sundry deposits		-	66,137
Other receivables and prepayment		293,680	279,912
		17,000	120,136
		3,856,084	2,605,888
Current Liabilities			
Amount due to a related party	5	1,267,434	1,267,434
Accounts Payable		-	17,673
Advance Receipt		1,508,255	-
Deposit Received		-	150,850
Accrual		300,855	198,180
		<u>3,076,544</u>	<u>1,634,137</u>
Net Current Assets		<u>779,540</u>	<u>971,751</u>
Total Assets less Current liabilities		<u>3,164,753</u>	<u>3,613,131</u>
Representing			
Surplus brought forward		3,613,131	4,805,824
(Deficit) for the year		<u>(448,378)</u>	<u>(1,192,693)</u>
Surplus carried forward		<u>3,164,753</u>	<u>3,613,131</u>

The financial statements on pages 5 to 23 were approved and authorised for issue by the Board of Directors on April 25, 2017 and are signed on its behalf by:



Mr. Fung Kin Kee Frederick, Director



Mr. Tam Kwok Kiu, 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 2016

	Accumulated Surplus/(Deficit)
At 1 October 2014	4,805,824
Net (deficit) for the year	(1,192,693)
At 30 September 2015 and 1 October 2015	<hr/> 3,613,131
Net (deficit) for the year	(448,378)
At 30 September 2016	<hr/> <hr/> 3,164,753

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 2016

	2016 HK\$	2015 HK\$
Operating Activities		
(Deficit) before Taxation	(448,378)	(1,192,693)
Depreciation	163,519	238,020
Assets written off	66,250	-
Assets disposal	(125,102)	-
	<u>(125,102)</u>	<u>-</u>
Operating (Deficit) before Changes in Working Capital	(343,711)	(954,673)
Decrease in Accounts Receivable	206,412	491,326
(Increase)/Decrease in WIP	66,137	(13,784)
(Increase) in Rental, Utility and Sundry Deposits	(13,768)	(102,250)
Decrease in Other receivables and prepayment	103,136	33,064
(Decrease) in Accounts Payable	(17,673)	(230,886)
Increase/(Decrease) in Deposit Received	(150,850)	18,400
Increase in Advance Receipt	1,508,255	-
Increase/(Decrease) in Accrual	102,675	(192,605)
	<u>102,675</u>	<u>(192,605)</u>
Net Cash from/(used in) Operating Activities	1,460,613	(951,408)
Investing Activities		
Purchase of Fixed Assets	-	(258,457)
Sales proceeds of fixed assets	151,500	-
	<u>151,500</u>	<u>-</u>
Net Cash from Investing Activities	<u>1,612,113</u>	<u>(1,209,865)</u>
Increase in Cash and Cash Equivalents	1,612,113	(1,209,865)
Cash and Cash Equivalents at beginning of the year	<u>1,763,881</u>	<u>2,973,746</u>
Cash and Cash Equivalents at end of the year	<u><u>3,375,994</u></u>	<u><u>1,763,881</u></u>
Analysis of the Balance of Cash and Cash Equivalents		
Cash and Bank Balance	<u><u>3,375,994</u></u>	<u><u>1,763,881</u></u>

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

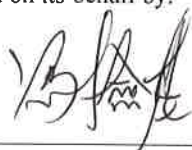
PEOPLE SERVICE CENTRE LIMITED

STATEMENTS OF FINANCIAL POSITION

30 September 2016

	Notes	2016 HK\$	2015 HK\$
Non Current Assets	4	2,154,113	2,205,329
Investment in Subsidiaries	6	106	106
		2,154,219	2,205,435
Current Assets			
Bank and Cash		2,913,396	990,386
Accounts Receivable		149,912	117,050
Amount due from related party	5	2,757,242	2,423,092
Rental, Utility and Misc. deposit		118,880	40,570
Other receivables and prepayment		9,000	-
		5,948,430	3,571,098
Current Liabilities			
Amount due to a related party	5	455,584	51,433
Advance receipt		1,508,255	-
Accrual		38,905	28,800
		2,002,744	80,233
Net Current Assets		3,945,686	3,490,865
Total Assets less Current liabilities		6,099,905	5,696,300
Representing			
Surplus brought forward		5,696,300	6,770,320
Surplus/(Deficit) for the year		403,605	(1,074,020)
Surplus carried forward		6,099,905	5,696,300

The financial statements on pages 5 to 23 were approved and authorised for issue by the Board of Directors on April 25, 2017 and are signed on its behalf by:



Mr. Fung Kin Kee Frederick, Director



Mr. Tam Kwok Kiu, Director

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

PEOPLE SERVICE CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2016

	Notes	2016 HK\$	2015 HK\$
Projects income			
Adplssc - Social Enterprise		420,000	420,000
Book Exchange Programme 2015		-	81,541
Caring the Elderly – Fund Raising Coupon 2014		-	178,560
Caring the Elderly – Fund Raising Coupon 2015		84,915	-
Chinese Permanent Cemeteries - Life Education Project		-	35,746
Designated Fund for Community Development		330,000	540,000
Enhance Citizen Participation Project		89,000	-
Enhance Development through Caring and Community Inclusion Project		-	37,945
Enhancing Development through Caring and Mentorship		223,960	-
Experiential Programme (FFA) 2014		-	11,610
Experiential Programme (FFA) 2015		14,060	17,350
Experiential Programme (FFA) 2016		19,190	-
Flag day 03012015		-	387,564
Flag Selling Day 20022016	8	438,978	-
Food Donation Advocacy and Public Education Project		378,336	192,509
Food Friend Action - Kowloon City Project		256,448	152,201
Food Friend Action Kowloon City Project (FCF)		205,285	-
Food Friend Action Sham Shui Po Project WRP291		388,461	365,791
Food Friend Action Sham Shui Po Project WRP422		322,820	-
Food Friend Action - Tuen Mun Project		126,311	777,552
Food Friend Action - Wong Tai Sin Project		648,998	810,983
Food Friend Action - Wong Tai Sin Project WRP423		359,420	-
Food Friend Action - Yau Tsim Mong Project		1,554,360	-
Food Waste Recycling Campaign		96,239	79,454
Fund Raising for "Caring for the Deprived" Project (Marathon Race)		88,980	114,229
Hoi Lai Children Development Centre		103,497	121,357
Keep Clean 2015@Hong Kong		-	4,000
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Reading Second Hand Books Scheme		59,592	22,000
Shamshuipo Caring for Living Alone Elderly Volunteer Project		100,000	-
		<u>7,446,927</u>	<u>5,364,675</u>

PEOPLE SERVICE CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2016 (Continued)

	Notes	2016 HK\$	2015 HK\$
Sundry income			
Bank Interest		43	42
Donation Income		373,807	306,570
Miscellaneous Income		15,800	12,500
		<u>389,650</u>	<u>319,112</u>
Total income		7,836,577	5,683,787
Projects expenditure		6,719,531	6,093,350
General expenditure		713,441	664,457
Total expenditure		<u>7,432,972</u>	<u>6,757,807</u>
Surplus/(Deficit) before taxation		403,605	(1,074,020)
Taxation		-	-
Surplus/(Deficit) after taxation		<u>403,605</u>	<u>(1,074,020)</u>

PEOPLE SERVICE CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2016 (continued)

	Notes	2016 HK\$	2015 HK\$
Projects expenditure			
Adplssc - Social Enterprise		30,676	27,795
Book Exchange Programme 2015		-	78,842
Caring for the Deprived Families		2,580	2,220
Caring the Elderly – Fund Raising Coupon 2014		-	108,592
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Experiential Programme (FFA) 2014		-	398
Experiential Programme (FFA) 2015		-	1,500
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Food Friend Action - Wong Tai Sin Project		795,202	810,110
Food Friend Action - Wong Tai Sin Project WRP422		271,519	-
Food Friend Action Yau Tsim Mong Project		744,665	414,990
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Hoi Lai Children Development Centre		123,754	78,688
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Parents' Mutual Help Child Care Centre		155,439	73,960
Promotion of Building Rehabilitation Scheme Cheung Sha Wan Area		273,779	348,711
Promotion of Building Rehabilitation Scheme Hung Hom Area		105,607	274,078
Promotion of Building Rehabilitation Scheme Ma Tau Kok Area		111,553	292,784
Promotion of Food Sharing Program in Chuk Yuen		-	5,473
Reading Second Hand Book Scheme		67,593	6,000
Shamshuipo Caring for Living Alone elderly Volunteer Project		100,127	-
		<u>6,719,531</u>	<u>6,093,350</u>

PEOPLE SERVICE CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2016 (continued)

	2016 HK\$	2015 HK\$
General expenditure		
Advertising and promotion	27,323	90,554
Auditors' remuneration and accounting fee	26,800	26,300
Bank Charges	1,690	1,420
Company secretarial fee	1,085	1,085
Cleaning	6,699	9,405
Depreciation	51,216	55,716
Electricity and water	10,751	27
Insurance	920	6,263
Local travel	1,163	1,756
Membership and licence fee	200	2,200
MPF	18,915	18,871
Office Supplies	3,677	960
Printing & Stationery	3,504	2,572
Postage and courier	453	1,394
Rent & Rates & building management fee	208,193	145,200
Repairs and maintenance	-	1,500
Salary	323,394	278,164
Staff Welfare	15,323	12,350
Stamp Duty Fee	422	-
Telecommunication	10,979	4,007
Transportation	734	4,713
	713,441	664,457
	713,441	664,457

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 2016

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 2016 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 2016.

PEOPLE SERVICE CENTRE LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

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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.

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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.

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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.

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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 2015	2,443,900	101,916	151,935	853,703	275,023	3,826,477
Sales Proceeds	-	-	(151,935)	-	(95,496)	(247,431)
Assets written off	-	-	-	(150,155)	(74,516)	(224,671)
As at 30 September 2016	2,443,900	101,916	-	703,548	105,011	3,354,375
Accumulated depreciation:						
As at 1 October 2015	244,390	95,116	126,614	526,826	192,153	1,185,097
Charge for the year	48,878	3,318	-	84,961	26,362	163,519
Sales Proceeds	-	-	(126,614)	-	(94,419)	(221,033)
Asset written off	-	-	-	(83,906)	(74,515)	(158,421)
As at 30 September 2016	293,268	98,434	-	527,881	49,581	969,162
Net book value :						
As at 30 September 2016	2,150,632	3,482	-	175,667	55,432	2,385,213
As at 30 September 2015	2,199,510	6,800	25,323	326,877	82,870	2,641,380

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.

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6. INTEREST IN SUBSIDIARIES

	2016 HK\$	2014 HK\$
Unlisted shares, at cost	106	106

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

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

7. REMUNERATION OF THE DIRECTORS

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

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8. CHARITY'S FLAG DAY FUND RAISING EVENT

The surplus funding of HK\$411,892 on Flag Day which held on February 20, 2016 has been used in this year to the following activities:

	HK\$
Supporting expenses :	
- Salary	123,568

Business development :	
- Life Education Program	203,367
- Parents' Mutual help Child Care Centre	65,098
- Hoi Lai Children Development Centre	18,479
- Caring for the Deprived Families	1,380

	288,324

	411,892
	=====
Balance of funding unused	-
	=====

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

10. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on April 25, 2017.