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**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
(INCORPORATED IN HONG KONG WITH LIMITED BY  
GUARANTEE AND NOT HAVING A SHARE CAPITAL)

REPORTS AND FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2021

Our Reference: H54127

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2021**

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<b><u>Contents</u></b>	<b><u>Page</u></b>
Report of the Executive Committee	1 - 2
Independent Auditor's Report	3 - 5
Income Statement	6
Statement of Financial Position	7
Statement of Changes in Accumulated Fund	8
Notes to the Financial Statements	9 - 12

The Executive Committee has the pleasure of presenting its annual report together with the audited financial statements of Hong Kong Arthritis & Rheumatism Foundation Limited (the “Foundation”) for the year ended 31 March 2021.

## **1. FINANCIAL STATEMENTS**

The results for the year are set out in the annexed income statement.

The state of the Foundation's affairs at 31 March 2021 is set out in the annexed statement of financial position.

## **2. PRINCIPAL ACTIVITIES**

The principal activities of the Foundation continued to be elevation of the standard of care for arthritic and rheumatic conditions and provision of care services for patients suffering from arthritic and rheumatic conditions in Hong Kong and Mainland China.

## **3. EXECUTIVE COMMITTEE**

The members of the Executive Committee who held office during the year and up to the date of this report were:

Chan Tak Hin	
Chan Kar Lok	
Chan King Chu	(Resigned on 16 March 2021)
Cheung Pauline	
Cheung Wai Han	
Ho On Tat, Andy	(Resigned on 14 May 2021)
Kwan Cheuk Yin	(Appointed on 16 March 2021)
Kwok Stanley	
Kwok Suet Kei	(Appointed on 28 April 2020)
Lee Ka Yan, David	
Lee Ka Wing, Gavin	
Leung Yee Mei, Christine	
Mok Mo Yin, Temy	
Ng Kam Hung, Daniel	(Resigned on 15 April 2020)
Tang Siu Fan, Lorraine	

In accordance with the Articles 40, 49 & 50 of Foundation's Articles of Foundation, the term of office for executive committee member shall be two years, and one third of the executive committee members shall retire, and being eligible, offer themselves for re-election at the annual general meeting in every two years. The number of the executive committee members should be no less than 6 and no more than 15.

## **4. EXECUTIVE COMMITTEE'S INTERESTS IN CONTRACTS**

No contract, commitment or agreement of significance in relation to the Foundation's activities, to which the Foundation was a party and in which any of the Foundation's executive committee members had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

**5. AUDITOR**

A resolution will be submitted to the annual general meeting to re-appoint World Link CPA Limited, Certified Public Accountants, as the auditor of the Company.

For and on behalf of the  
Executive Committee



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Lee Ka Wing, Gavin  
Chairman

Hong Kong, 24 January 2022



**INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE OF  
HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

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**Opinion**

We have audited the financial statements of Hong Kong Arthritis & Rheumatism Foundation Limited (“the Foundation”) set out on pages 6 to 12, which comprise the statement of financial position as at 31 March 2021, and the income statement, and the statement of changes in accumulated fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Foundation are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other 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.

**Other Information**

The members of executive committee are responsible for the other information which comprises the report of executive committee and detailed income statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Members of Executive Committee for the Financial Statements**

The members of executive committee are responsible for the preparation of the financial statements that give a true and fair view in accordance with SME-FRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the members of executive committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE OF  
HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

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**Responsibilities of Members of Executive Committee for the Financial Statements (continued)**

In preparing the financial statements, the members of executive committee are responsible for assessing the Foundation'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 members of executive committee either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibility 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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 judgement 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of executive committee.
- Conclude on the appropriateness of the members of executive committee'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 Foundation'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 Foundation to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE OF  
HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)

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**Auditor's responsibility for the Audit of the Financial Statements (continued)**

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.

World Link CPA Limited  
Certified Public Accountants

Ted Ho  
Practising Certificate Number P02296

Hong Kong, 24 January 2022

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
INCOME STATEMENT  
YEAR ENDED 31 MARCH 2021

6

	<i>Note</i>	2021 <i>HK\$</i>	2020 <i>HK\$</i>
<b>Revenue</b>	<b>3</b>	<b>2,440,892</b>	1,566,595
Other income	4	147,746	34,853
Administrative expenses		(2,579,675)	(1,475,680)
Activities expenses		(62,715)	(555,284)
<b>Deficit before tax</b>	<b>5</b>	<b>(53,752)</b>	(429,516)
Income tax	6	-	-
<b>Deficit for the year</b>		<b>(53,752)</b>	(429,516)




**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2021**

7

	<i>Note</i>	<b>2021</b> <b>HK\$</b>	2020 <i>HK\$</i>
<b>Non-current assets</b>			
Property, plant and equipment	7	<u>128,442</u>	<u>68,240</u>
<b>Current assets</b>			
Deposits, prepayment and other receivable		370,359	78,940
Cash and bank balances		<u>3,311,049</u>	<u>2,373,506</u>
		<u>3,681,408</u>	<u>2,452,446</u>
<b>Current liabilities</b>			
Accruals		74,742	100,257
Deposit received		1,370,590	-
Other payable		<u>441</u>	<u>2,600</u>
		<u>(1,445,773)</u>	<u>(102,857)</u>
<b>Net current assets</b>		<u>2,235,635</u>	<u>2,349,589</u>
<b>NET ASSETS</b>		<u><b>2,364,077</b></u>	<u><b>2,417,829</b></u>
<b>ACCUMULATED FUND</b>			
Reserve		37,159	37,159
Accumulated surplus		<u>2,326,918</u>	<u>2,380,670</u>
		<u><b>2,364,077</b></u>	<u><b>2,417,829</b></u>

Approved by the Executive Committee and signed on its behalf on 24 January 2022.

  
 \_\_\_\_\_  
 Lee Ka Wing, Gavin  
 Chairman

  
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 Leung Yee Mei, Christine  
 Honorary Secretary

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

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**STATEMENT OF CHANGES IN Accumulated Fund**  
**YEAR ENDED 31 MARCH 2021**

8

	Reserve <i>HK\$</i>	Accumulated surplus <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2019	37,159	2,810,186	2,847,345
Deficit for the year	-	(429,516)	(429,516)
At 31 March 2020	37,159	2,380,670	2,417,829
Deficit for the year	-	(53,752)	(53,752)
<b>At 31 March 2021</b>	<b>37,159</b>	<b>2,326,918</b>	<b>2,364,077</b>

## 1. CORPORATE INFORMATION

(a) Foundation information

Hong Kong Arthritis & Rheumatism Foundation Limited is a company limited by guarantee that incorporated under the Hong Kong Companies Ordinance. The Foundation's registered office and principal place of business is located at Flat 103-106, G/F, Nam Wai House, Nam Shan Estate, Sham Shui Po, Kowloon.

The principal activities of the Foundation continued to be elevation of the standard of care for arthritic and rheumatic conditions and provision of care services for patients suffering from arthritic and rheumatic conditions in Hong Kong and mainland China.

- (b) Every member of the Foundation undertakes to contribute to the assets of the Foundation, in the event of the same being wound up while he is a member, or within one year after he ceased to be a member, for payment of the debts and liabilities of the Foundation contracted before the time at which he ceases to be a member, and of the costs, charges, and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding fifty Hong Kong dollars.

## 2. PRINCIPAL ACCOUNTING POLICIES

The Foundation qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants. These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting.

The financial statements have been prepared in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of current liabilities over current assets. The members have undertaken to make available adequate funds to the Foundation as and when required to maintain the Company as a going concern.

The measurement base adopted by the Foundation is the historical cost accounting convention. Specific accounting policies adopted by the Foundation that are necessary for a proper understanding of the financial statements are set out below.

(a) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Foundation and when the revenue can be measured reliably, on the following bases: -

*Sponsorship income and donation income* are recognised on actual cash receipt basis.

*Book sales* is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to customers and title has passed.

*Class registration fee* is recognised in the period when services are rendered.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b) Property, plant and equipment

Property, plant and equipment are recognized as assets when it is probable that future economic benefits associated with the assets will flow to the Foundation and the cost of the assets to the Foundation can be measured reliably. The gross carrying amount of the property, plant and equipment are determined by their costs which comprise their purchase prices and any directly attributable costs of bringing the assets to working condition for their intended uses. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company. All other subsequent expenditure is recognized as an expense in the year in which it is incurred.

The depreciable amount of an item of property, plant and equipment is depreciated over its estimated useful life in the following basis: -

	<u>Rate</u>	<u>Method</u>
Leasehold improvement	20%	straight line
Furniture and fixtures	20%	straight line
Computer and software	20%	straight line

The depreciation charge for the year is recognized as an expense unless it is included in the carrying amount of another asset.

The profit or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

c) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. 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 depreciation), had no impairment losses been recognised for the asset in prior years.

3. REVENUE

Revenue comprises the following: -	<b>2021</b> <b>HK\$</b>	2020 HK\$
Book sales	1,408	16,056
Funding from HKJC	470,086	-
General donations	394,418	864,754
Income from activities	148,980	470,785
Sponsorship income	1,426,000	215,000
	<b>2,440,892</b>	<b>1,566,595</b>

**4. OTHER INCOME**

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Anti-epidemic fund	123,300	-
Bank interest income	21	35
Gain on exchange difference	942	-
Sundry income	23,483	34,818
	<u>147,746</u>	<u>34,853</u>

**5. DEFICIT BEFORE TAX**

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Deficit before tax is stated: -		
After charging:-		
Auditor's remuneration	10,000	10,000
Public education expenses	1,012,433	173,483
Rent and rates	66,000	199,255
Salaries and allowances	1,074,923	664,139
	<u>1,074,923</u>	<u>664,139</u>

**6. INCOME TAX**

The Foundation is a recognised charitable association and exempted from Hong Kong profits tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

**7. PROPERTY, PLANT AND EQUIPMENT**

	Furniture and fixtures <i>HK\$</i>	Leasehold improvement <i>HK\$</i>	Computer and software <i>HK\$</i>	Total <i>HK\$</i>
<b>Cost</b>				
At 31 March 2020	1,139,215	290,943	85,300	1,515,458
Additions	35,700	-	60,877	96,577
<b>At 31 March 2021</b>	<u>1,174,915</u>	<u>290,943</u>	<u>146,177</u>	<u>1,612,035</u>
<b>Aggregate depreciation</b>				
At 31 March 2020	1,139,215	290,943	17,060	1,447,218
Depreciation for the year	7,140	-	29,235	36,375
<b>At 31 March 2021</b>	<u>1,146,355</u>	<u>290,943</u>	<u>46,295</u>	<u>1,483,593</u>
<b>Net carrying amounts</b>				
At 31 March 2021	<u>28,560</u>	<u>-</u>	<u>99,882</u>	<u>128,442</u>
At 1 April 2020	<u>-</u>	<u>-</u>	<u>68,240</u>	<u>68,240</u>

**8. COMMITMENTS UNDER OPERATING LEASE**

At the end of the reporting period, the Company had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	<b>2021</b>	2020
	<i>HK\$</i>	<i>HK\$</i>
Within one year	-	110,000
	<u>-</u>	<u>110,000</u>

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**DETAILED INCOME STATEMENT**  
**YEAR ENDED 31 MARCH 2021**

(For management purpose only)

	2021 <i>HK\$</i>	2021 <i>HK\$</i>	2020 <i>HK\$</i>	2020 <i>HK\$</i>
<b>Income</b>				
Book sales	1,408		16,056	
Funding from HKJC	470,086			
General donations	394,418		864,754	
Income from activities	148,980		470,785	
Sponsorship income	1,426,000		215,000	
		2,440,892		1,566,595
<b>Other income</b>				
Anti-epidemic fund	123,300		-	
Bank interest income	21		35	
Gain on exchange difference	942		-	
Sundry income	23,483		34,818	
		147,746		34,853
<b>Activities expenditures</b>		(62,715)		(555,284)
<b>Administrative expenses</b>				
Auditor's remuneration	10,000		10,000	
Bank charges	2,102		1,100	
Computer expenses	18,682		18,197	
Courier	3,542		3,500	
Cleaning	37,450		29,400	
Depreciation	36,375		17,060	
Electricity, water and gas	15,571		15,321	
Exchange difference	-		780	
Grant to patients	136,328		217,843	
Insurance	30,796		15,117	
Legal and professional fee	-		4,000	
Mandatory provident fund	45,283		31,804	
Printing, postage and stationery	25,397		27,194	
Public education expenses	1,012,433		173,483	
Recruitment	15,456		2,464	
Rent and rates	66,000		199,255	
Repairs and maintenance	5,060		9,918	
Salaries and allowance	1,074,923		664,139	
Sundry expenses	22,450		19,410	
Travelling	-		612	
Telephone and internet	21,828		15,083	
		(2,579,675)		(1,475,680)
<b>Deficit before tax</b>		<u>(53,752)</u>		<u>(429,516)</u>

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED****DETAILED INCOME STATEMENT**

(For management purpose only)

**YEAR ENDED 31 MARCH 2021**

	<u>Talks</u>	<u>Classes</u>	<u>2021</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Activities income</b>			
Class registration fee	-	9,780	<b>9,780</b>
Specific donations for activities	139,200	-	<b>139,200</b>
	<u>139,200</u>	<u>9,780</u>	<u><b>148,980</b></u>
<b>Activities expenditures</b>			
Advertising	7,500	3,000	<b>10,500</b>
Event materials	1,826	5,811	<b>7,637</b>
Coaching expenses	29,500	13,800	<b>43,300</b>
Printing and postage	925	-	<b>925</b>
Sundry expenses	-	353	<b>353</b>
	<u>39,751</u>	<u>22,964</u>	<u><b>62,715</b></u>
<b>Surplus / (Deficit) on activities</b>	<u>99,449</u>	<u>(13,184)</u>	<u><b>86,265</b></u>