



Justice Centre Hong Kong Limited

30 June 2019

Directors' report

The directors are pleased to submit their annual report together with the audited financial statements for the year ended 30 June 2019.

Principal place of business

Justice Centre Hong Kong Limited (the "Association") is an Association incorporated and domiciled in Hong Kong with limited liability by guarantee and has its registered office and principal place of business at The Desk, 511 Queen's Road West, Sai Wan, Hong Kong.

Principal activity

The principal activity of the Association is to support and protect the rights of the most marginalised victims of human trafficking and forced labour, survivors of torture as well as asylum seekers and refugees in Hong Kong, on a non-profit making basis.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 30 June 2019. (2018: HK\$ Nil)

Directors

The directors during the financial year were:

Thai MACDONALD	(resigned on 1 November 2019)
Fiona MCDONALD	(resigned on 14 October 2019)
Bruce Ting Wai WONG	
Vanina Alexandra HUARD DE VERNEUIL	(resigned on 15 August 2018)
Kit Pang AU-YEUNG	(resigned on 3 December 2019)
Rehan Aindri ABEYRATNE	(appointed on 15 August 2018)
Jonathan Karmen CHANG	(appointed on 15 August 2018)
Penelope BARSHA	(appointed on 15 August 2018)/ (resigned on 2 November 2019)
Marta Joann OBANDO	(appointed on 15 August 2018)
Urszula MCCORMACK	(appointed on 15 August 2018)

There being no provision in the Association's articles of association in connection with the retirement of directors, all existing directors continue in office for the following year.

No indemnity provisions were in force during the year, or are in force at the date of this report, for the benefit of one or more directors of the Association.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Jonathan Karmen CHANG
Chairman
Hong Kong

02 MAR 2020



Independent auditor's report to the members of Justice Centre Hong Kong Limited

(Incorporated in Hong Kong with limited liability by guarantee)

We have audited the financial statements of Justice Centre Hong Kong Limited ("the Association") set out on pages 5 to 12, which comprise the statement of financial position as at 30 June 2019, the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Association are responsible for the preparation of 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 and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of 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 financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 900 "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" 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 about 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independent auditor's report to the members of Justice Centre Hong Kong Limited (continued)

(Incorporated in Hong Kong with limited liability by guarantee)

Opinion

In our opinion, the financial statements of the Association for the year ended 30 June 2019 are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

02 MAR 2020

Income statement
for the year ended 30 June 2019
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2019</i>	<i>2018</i>
Revenue	2	\$ 8,195,987	\$ 6,827,616
Other income	2	<u>6,712</u>	<u>13,552</u>
		\$ 8,202,699	\$ 6,841,168
Operating expenses			
Administrative expenses		<u>(6,875,453)</u>	<u>(6,195,890)</u>
Income for the year	3	<u>\$ 1,327,246</u>	<u>\$ 645,278</u>

The notes on pages 7 to 12 from part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant accounting policies

(a) Statement of compliance and basis of preparation

The Association qualifies for the reporting exemption as an Association limited by guarantee 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 have been prepared in accordance with the SME-FRS and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Association is set out below.

The measurement basis used in the preparation of the financial statement is the historical cost basis.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Association and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Donations

Donations are recognised when the Association becomes entitled to the donations and it is probable that they will be received, which is generally upon the receipt of cash. Any surplus of receipts over expenditure on the Association's activities are classified as reserve funds.

(ii) Grants

Grants are designated for specific purposes and recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Association will comply with the conditions, if any, attached to them. Grants that compensate the Association for expenses incurred are recognised as income in income or deficit on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Association for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

1 Significant accounting policies (continued)

(c) Leased assets

Assets that are held by the Association under leases which transfer to the Association substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Association are classified as operating leases.

Where the Association acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Finance charges implicit in the lease payments are charged to the income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the liability for each accounting period.

Where the Association has the use of other assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(d) Property and equipment

Items of property and equipment (including property held for rental and/or for investment potential) are stated at cost (which includes purchase cost and any directly attributable cost of bringing the asset to working condition for its intended use) less accumulated depreciation and impairment losses (see note 1(e)).

Depreciation is calculated to write off the cost of items of property and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Office and computer equipment	3 - 5 years
- Furniture and Fittings	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 Significant accounting policies (continued)

(e) Impairment of assets

The carrying amounts of property and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in the income statement if the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and discounted future net cash flow expected from the continued use of the asset ("value in use").

An impairment loss is not reversed unless its fair value is readily apparent or the asset's recoverable amount can be measured reliably without undue cost or effort.

(f) Income taxes

The Association is exempted under Section 88 of the Inland Revenue Ordinance from any tax by virtue of being a charitable institution of a public character.

(g) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the income statement when they arise.

(h) Trade and other receivables

Trade and other receivables are stated at estimated realisable value after bad debt has been considered individually. Where the payment of a debt becomes doubtful, a provision is made and charged to the income statement.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

2 Revenue

	2019	2018
Donations		
Donation income	\$ 8,195,987	\$ 6,827,616
Other income		
Exchange gains	\$ -	\$ 13,162
Interest income	6,712	390
	<u>\$ 6,712</u>	<u>\$ 13,552</u>

3 Income for the year

Income for the year is arrived at after charging:

	2019	2018
(a) Staff costs		
Salaries, wages and other benefits	\$ 4,653,351	\$ 4,330,465
Contributions to defined contribution plan	184,735	190,098
	\$ 4,838,086	\$ 4,520,563
(b) Other items		
Depreciation	\$ 54,083	\$ 115,513
Operating lease charges in respect of land and buildings	551,499	372,691
Event expenses	307,092	168,286
Interpreter services	235,139	380,437
Exchange losses	29,668	-
Loss on disposal of property and equipment	100,672	4,929
Miscellaneous expenses	759,214	633,471
	\$ 2,057,267	\$ 1,575,307

4 Directors' remuneration

The directors received no remuneration for their services to the Association during the year (2018: Nil).

5 Taxation

The Association is exempted under Section 88 of the Inland Revenue Ordinance from any tax by virtue of being a charitable institution of a public character.

6 Property and equipment

	<i>Office and computer equipment</i>	<i>Furniture and Fittings</i>	<i>Total</i>
Cost:			
At 1 July 2018	\$ 515,568	\$ 59,216	\$ 574,784
Additions	2,072	-	2,072
Disposals	(224,740)	(35,320)	(260,060)
	\$ 292,900	\$ 23,896	\$ 316,796

6 Property and equipment (continued)

	<i>Office and Computer equipment</i>	<i>Furniture and Fittings</i>	<i>Total</i>
Accumulated Depreciation			
At 1 July 2018	\$ 356,318	\$ 41,949	\$ 398,267
Charge for the year	48,815	5,268	54,083
Written back on disposal	(127,321)	(29,994)	(157,315)
	<u>\$ 277,812</u>	<u>\$ 17,223</u>	<u>\$ 295,035</u>
At 30 June 2019	<u>\$ 277,812</u>	<u>\$ 17,223</u>	<u>\$ 295,035</u>
Net Book Value			
At 30 June 2019	<u>\$ 15,088</u>	<u>\$ 6,673</u>	<u>\$ 21,761</u>

	<i>Office and computer equipment</i>	<i>Furniture and Fittings</i>	<i>Total</i>
Cost:			
At 1 July 2017	\$ 521,942	\$ 59,216	\$ 581,158
Additions	21,172	-	21,172
Disposals	(27,546)	-	(27,546)
	<u>\$ 515,568</u>	<u>\$ 59,216</u>	<u>\$ 574,784</u>
At 30 June 2018	<u>\$ 515,568</u>	<u>\$ 59,216</u>	<u>\$ 574,784</u>
Accumulated Depreciation			
At 1 July 2017	\$ 267,078	\$ 30,405	\$ 297,483
Charge for the year	103,969	11,544	115,513
Written back on disposal	(14,729)	-	(14,729)
	<u>\$ 356,318</u>	<u>\$ 41,949</u>	<u>\$ 398,267</u>
At 30 June 2018	<u>\$ 356,318</u>	<u>\$ 41,949</u>	<u>\$ 398,267</u>
Net Book Value			
At 30 June 2018	<u>\$ 159,250</u>	<u>\$ 17,267</u>	<u>\$ 176,517</u>

7 Trade and other receivables

	2019	2018
Account receivables	\$ 102,805	\$ 156,541
Prepayments	29,604	29,603
Deposit	64,200	38,000
	\$ 196,609	\$ 224,144

8 General funds

The general funds represent the cumulative surplus which is aimed to be used for safeguarding the rights and well-being of refugees in Hong Kong and any other exclusively charitable purposes.

9 Operating lease commitments

At 30 June 2019, the total future minimum lease payments payable under cancellable operating leases are payable as follows:

	2019	2018
Not later than one year	\$ 468,775	\$ 527,196
Later than one year but not later than five years	590,400	435,730
	\$ 1,059,175	\$ 962,926

10 Approval and issue of financial statements

These financial statements were authorised for issue by the Association's Board of Directors on 02 MAR 2020