



Justice Centre Hong Kong Limited

30 June 2021

Directors' report

The directors are pleased to submit their annual report together with the audited financial statements for the year ended 30 June 2021.

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 activities

The principal activities of the Association are for the protection and relief of asylum seekers and other needy communities affected by discrimination and injustices in Hong Kong (including victims of human trafficking and forced labor) for the benefit of the Hong Kong community, 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 2021. (2020: HK\$ Nil)

Directors

The directors during the financial year and up to date of financial statements are as follows:

Bruce Ting Wai WONG	
Rehan Aindri ABEYRATNE	
Jonathan Karmen CHANG	
Marta Joann OBANDO	
Urszula MCCORMACK	
Raquel D. AMADOR	(appointed on 29 September 2020)
Sunshine Maribelle FARZAN	(appointed on 30 November 2020)

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

24 MAR 2022



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

(Incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of Justice Centre Hong Kong Limited ("the Association") set out on pages 6 to 13, which comprise the statement of financial position as at 30 June 2021, and the income statement 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 Association 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 Practice Note 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 Association in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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.

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

(Incorporated in Hong Kong with limited liability by guarantee)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA 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.

In preparing the financial statements, the directors are responsible for assessing the Association'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 directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional scepticism 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 Association's internal control.



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

(Incorporated in Hong Kong with limited liability by guarantee)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Association'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 Association to cease to continue as a going concern.

We communicate with the directors 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.

Certified Public Accountants

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

24 MAR 2022

Income statement
for the year ended 30 June 2021
(Expressed in Hong Kong dollars)

	Note	2021	2020
Revenue	2	\$ 3,499,197	\$ 6,940,497
Other income	2	<u>611,018</u>	<u>118,810</u>
		\$ 4,110,215	\$ 7,059,307
Operating expense			
Administrative expenses		<u>(4,830,208)</u>	<u>(5,858,933)</u>
(Deficit)/surplus for the year	3	<u>\$ (719,993)</u>	<u>\$ 1,200,374</u>


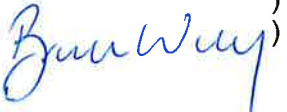
The notes on pages 8 to 13 form part of these financial statements.

Statement of financial position as at 30 June 2021

(Expressed in Hong Kong dollars)

	Note	2021	2020
Non-current asset			
Property and equipment	6	\$ 89,721	\$ 128,962
Current assets			
Trade and other receivables	7	\$ 82,804	\$ 282,229
Cash and cash equivalents		4,583,084	5,380,130
		\$ 4,665,888	\$ 5,662,359
Current liability			
Other payables		(24,526)	(340,245)
Net current assets		\$ 4,641,362	\$ 5,322,114
NET ASSETS		\$ 4,731,083	\$ 5,451,076
Representing:			
GENERAL FUNDS	8	\$ 4,731,083	\$ 5,451,076

Approved and authorised for issue by the board of directors on **24 MAR 2022**

Jonathan Karmen CHANG )
 Directors
 Bruce Ting Wai WONG )

The notes on pages 8 to 13 form 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) Leases

Leases that transfer substantially all the risks and rewards of ownership to the Association are accounted for as finance leases. Leases where substantially all the risks and rewards of ownership are not transferred to the Association are accounted for 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

Property and equipment are stated at cost 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. 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. 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 each 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

	2021	2020
Donations		
Donation income	\$ 3,499,197	\$ 6,940,497
Other income		
Government subsidy – Employment Support Scheme	\$ 581,355	\$ 116,271
Interest income	80	2,539
Net exchange gains	29,583	-
	<u>\$ 611,018</u>	<u>\$ 118,810</u>

3 Income for the year

Income for the year is arrived at after charging:

	2021	2020
(a) Staff costs		
Salaries, wages and other benefits	\$ 3,588,392	\$ 3,895,441
Contributions to defined contribution plan	174,720	171,799
	\$ 3,763,112	\$ 4,067,240
(b) Other items		
Depreciation	\$ 62,491	\$ 32,388
Operating lease charges in respect of land and buildings	399,435	358,104
Event expenses	94,074	34,063
Interpreter services	104,803	143,854
Net exchange losses	-	29,290
Miscellaneous expenses	406,293	1,193,994
	406,293	1,193,994

4 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2021	2020
Directors' fees	\$ -	\$ -
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
	-	-

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 2020	\$ 432,489	\$ 23,896	\$ 456,385
Additions	23,250	-	23,250
Disposals	(74,594)	-	(74,594)
	<u>381,145</u>	<u>23,896</u>	<u>405,041</u>
At 30 June 2021	\$ 381,145	\$ 23,896	\$ 405,041
Accumulated Depreciation			
At 1 July 2020	\$ 306,052	\$ 21,371	\$ 327,423
Written back on disposals	(74,594)	-	(74,594)
Charge for the year	59,966	2,525	62,491
	<u>291,424</u>	<u>23,896</u>	<u>315,320</u>
At 30 June 2021	\$ 291,424	\$ 23,896	\$ 315,320
Net Book Value			
At 30 June 2021	\$ 89,721	\$ -	\$ 89,721
	<i>Office and computer equipment</i>	<i>Furniture and Fittings</i>	<i>Total</i>
Cost:			
At 1 July 2019	\$ 292,900	\$ 23,896	\$ 316,796
Additions	139,589	-	139,589
	<u>432,489</u>	<u>23,896</u>	<u>456,385</u>
At 30 June 2020	\$ 432,489	\$ 23,896	\$ 456,385
Accumulated Depreciation			
At 1 July 2019	\$ 277,812	\$ 17,223	\$ 295,035
Charge for the year	28,240	4,148	32,388
	<u>306,052</u>	<u>21,371</u>	<u>327,423</u>
At 30 June 2020	\$ 306,052	\$ 21,371	\$ 327,423
Net Book Value			
At 30 June 2020	\$ 126,437	\$ 2,525	\$ 128,962

7 Trade and other receivables

	2021	2020
Account receivables	\$ 20,000	\$ 222,425
Prepayments	29,604	29,604
Deposit	33,200	30,200
	\$ 82,804	\$ 282,229

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 2021 and 30 June 2020, the total future minimum lease payments under cancellable operating leases are payable as follows:

	2021	2020
Within 1 year	\$ 103,200	\$ 367,200
After 1 year but within 5 years	82,800	266,400
	\$ 186,000	\$ 633,600

10 Approval and issue of financial statements

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

24 MAR 2022