

SOAP CYCLING LIMITED

Income and Expenditure Account

for the charitable fundraising activity

held on 13<sup>th</sup> and 14<sup>th</sup> October, 2012

(Public Subscription Permit No. 2012/244/1)

# INDEPENDENT ASSURANCE REPORT TO THE EXECUTIVE COMMITTEE

OF

## SOAP CYCLING LIMITED (“THE ASSOCIATION”)

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In accordance with our agreed terms of engagement, we have performed an engagement on the attached income and expenditure account of the Association’s general charitable fundraising activity held on 13<sup>th</sup> and 14<sup>th</sup> October, 2012 (“the Event”).

### **Respective responsibilities of the Executive Committee and ourselves**

The Executive Committee of the Association is responsible for preparing the attached income and expenditure account in accordance with the basis of preparation set out in note 2, setting out the gross subscriptions raised from the Event and the expenses incurred in connection with the Event, in order to comply with the conditions stated in the Public Subscription Permit issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region (“SWD”). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the income and expenditure account so that it reflects the subscriptions raised and expenses incurred in connection with the Event and is free from material misstatement.

It is our responsibility to form a conclusion on the attached income and expenditure account, based on our engagement, and to report our conclusion solely to you, as a body in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Basis of conclusion**

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the “Circular on Reporting on General Charitable Fund-raising Activities Covered by Public Subscription Permits issued by the Social Welfare Department (Other than Flag Days)” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Furthermore, due to the nature of cash receipts and expenses relating to general charitable fund-raising activities, it was not practicable for us to determine whether the income and expenditure account and the books and records of the Association include all transactions relating to the Event. It was impracticable for us to quantify the potential impact of this on the income and expenditure account. Accordingly, our report relates solely to the income and expenditure account prepared from transactions that have been recorded in the Association’s books and records.

Our engagement included carrying out limited procedures for obtaining sufficient appropriate evidence to be able to draw a conclusion, such as inquiries primarily of persons responsible for financial and accounting matters and other procedures we considered necessary.

## **Conclusion**

Based on the foregoing, we report that nothing has come to our attention that causes us to believe that the attached income and expenditure account does not reflect, in all material respects, the gross income raised and the expenses incurred by the Association in respect of the Event that have been recorded in its books and records made available to us in accordance with the basis of preparation set out in note 2.

## **Use of report**

This report is intended solely for the purpose of assisting the Association to satisfy the conditions stated in the Public Subscription Permit issued by SWD in connection with the Event and is not intended to be, and should not be, used for any other purpose.

We agree that a copy of this report may be provided to the Director of Social Welfare and may be published where the Association is required to do so under the conditions stated in the relevant Public Subscription Permit without further comment from us.



P. L. AU & CO.  
Certified Public Accountants (Practising)  
Office No. 1002, 10/F., Li Po Chun Chambers,  
189 Des Voeux Road Central, Hong Kong.  
7th January, 2013

APL/lw



SOAP CYCLING LIMITED

Notes to the Income and Expenditure Account

For the charitable fundraising activity held on 13th and 14th October, 2012

1. GENERAL INFORMATION

The event is organized by Soap Cycling Limited ("the Association") for the purpose to raise funds for the general operations and expansion of Soap Cycling Limited. The event is held by setting up donation boxes in a stationed counter located at Skydome Atrium at Level 1 of Discovery Park-Shopping Centre, 398 Castle Peak Road, Tsuen Wan, N.T. on 13th and 14th October, 2012.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Presentation

The income and expenditure account has been prepared using the historical cost basis of accounting and is expressed in Hong Kong dollars.

(b) Revenue Recognition

Donation income is recognized when the cash payment is received.

3. TAXATION

As the Association is registered as a charitable organization under Section 88 of the Inland Revenue Ordinance, the event is exempted from Hong Kong profits tax.