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**NT PRACTITIONER'S ASSURANCE REPORT  
TO THE COUNCILLORS OF  
GRATEFUL HEART CHARITABLE FOUNDATION LIMITED (the "Permittee")**

**Public Subscription Permit No: FD/R075/2017**

Pursuant to 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"), we have been requested to report on the attached income and expenditure account of the Permittee's regional flag day fund-raising activity in New Territories region held on 19 August 2017 (the "Event").

**Responsibilities of the Councillors**

The Councillors are 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 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.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Practitioner's Responsibility**

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

**INDEPENDENT PRACTITIONER'S ASSURANCE REPORT  
TO THE COUNCILLORS OF  
GRATEFUL HEART CHARITABLE FOUNDATION LIMITED (the "Permittee")**

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**Practitioner's Responsibility (cont'd)**

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 850, Reporting on Flag days and General Charitable Fund-raising Activities Covered by Public Subscription Permits issued by the Social Welfare Department issued by the HKICPA. We have planned and performed our work to obtain limited assurance for giving our conclusion below.

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.

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 as follows:

- i.) Reviewed and performed test of control on the policies and control procedures set up by the Permittee over the collection of donation bags to assess whether these policies and procedures would be adequate to ensure the completeness of cash donations;
- ii.) Checked that cash donation were deposited in the Permittee's own bank accounts within a reasonable time;
- iii.) Performed cash counting on the foreign currencies which were not deposited in the Permittee's own bank accounts;
- iv.) Obtained the breakdown of expenditures in connection to the Event and test checked with the supporting documentation and approval; and
- v.) Agreed balances as stated in flag day fund-raising activity accounts to the underlying records.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



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**Inherent Limitations**

Due to the nature of cash receipts and expenses relating to the Event, it was not practicable for us to determine whether the income and expenditure account and the books and records of the Permittee 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 Permittee's books and records.

**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 subscriptions raised and the expenses incurred by the Permittee 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 to the income and expenditure account.

**Intended Users and Purpose**

This report is intended solely for the purpose of assisting the Permittee 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 without further comment from us.



RSM Hong Kong  
Certified Public Accountants  
Hong Kong  
13 November 2017

**GRATEFUL HEART CHARITABLE FOUNDATION LIMITED  
INCOME AND EXPENDITURE ACCOUNT  
FLAG DAY – NEW TERRITORIES REGION ON 19 AUGUST 2017**

**Public Subscription Permit No: FD/R075/2017**

	Note	HK\$
<b>INCOME</b>		
Street collections	1	194,378.30
Other forms of appeals		<u>350,123.00</u>
		<u>544,501.30</u>
<b>EXPENDITURE</b>		
Auditors' remuneration		2,000.00
Banner		700.00
Donation bags		24,345.60
Flag, certificate and other stationeries		7,523.00
Insurance		9,500.00
Logistic		2,074.20
Security charge		<u>7,800.00</u>
		<u>53,942.80</u>
<b>Excess of income over expenditure</b>		<u><u>490,558.50</u></u>

Approved and authorised for issue by the Board of Councillors on 13 November 2017.

  
Kwong Chi Ching

Councillor

  
Tsang Yue, Joyce

Councillor

**GRATEFUL HEART CHARITABLE FOUNDATION LIMITED**  
**NOTES TO THE INCOME AND EXPENDITURE ACCOUNT**  
**FLAG DAY – NEW TERRITORIES REGION ON 19 AUGUST 2017**

**Public Subscription Permit No: FD/R075/2017**

**1. STREET COLLECTION**

The street collections included variety of foreign currencies as follows:

<b>Foreign Currency</b>	<b>Amount in Original Currency</b>	<b>Equivalent to Hong Kong Dollar</b>
Australian Dollar	20.00	123.83
Bolivian Boliviano	0.50	0.55
Cambodia Riels	200.00	0.37
Canadian Dollar	0.35	2.17
Chinese Renminbi	721.72	845.82
Euro	1.20	11.02
Greek Drachma	50.00	1.35
Indian Rupee	10.00	1.22
Indonesian Rupiah	100.00	0.06
Japanese Yen	147.00	10.53
Korean Won	1,220.00	8.36
Macau Pataca	59.90	57.00
Malaysian Ringgit	0.50	0.91
New Taiwan Dollar	146.00	37.64
Philippine Peso	3.25	0.49
Russian Ruble	0.10	0.01
Singapore Dollar	1.10	6.31
Thai Baht	44.00	10.34
United States Dollar	0.61	4.77
		1,122.75

**2. BASIS OF PREPARATION**

The income and expenditure account has been prepared in accordance with accruals basis of accounting.

**3. APPLICATION OF FUNDS RAISED**

The purpose of the flag sale is to raise funds for operation cost of (i) Community Kitchen in Tuen Mun and (ii) the centers.