

INDIAN RECREATION CLUB

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Tang, Lit & Co.
Certified Public Accountants
Hong Kong

INDIAN RECREATION CLUB
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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INDIAN RECREATION CLUB
REPORT OF THE DIRECTORS

The Directors present their annual report to members together with the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is recreation club.

THE STATE OF THE COMPANY'S AFFAIRS

The state of the company's affairs as at 31 December 2020 are set out in the financial statements on pages 4 to 8.

DIRECTORS

The Directors / Secretary of the Company during the financial year were :

Mr. Arshinder Pal Singh Grewal
Mr. Gurmit Singh
Mr. Sarinder Singh Dillon (Secretary)
Dr. Pradip Kumar Putatunda
Mr. Kuldeep Singh
Mr. Bhupiender Singh
Mr. Harcharn Singh Dillon
Mr. Allah Rakha Karamdin

Mr. Kishu Lalchandani
Mr. Ali Mahomed
Mr. Dawood Khan
Mr. Syed Mohammed Agha
Mr. Edwin Leung
Mr. Gurdeep Singh Maan
Mr. Surjit Singh Sandhu

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

AUDITORS

The financial statements have been audited by Tang, Lit & Co., who retire and offer themselves for re-appointment.

On behalf of the Board
Indian Recreation Club



Mr. Arshinder Pal Singh Grewal
President

Hong Kong : 11 March 2021

Tang, Lit & Co.

Certified Public Accountants

PRINCIPAL
DAVID LIT KAM LEUNG (列錦樑)
CPA (Practising)
香港執業會計師

ROOMS 2004-6, 20TH FLOOR,
EASTERN COMMERCIAL CENTRE,
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東區商業大廈20樓2004-6室

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDIAN RECREATION CLUB (Incorporated in Hong Kong under Companies Ordinance with limited liability by guarantee)

We have audited the financial statements of INDIAN RECREATION CLUB (" the Company ") set out on pages 4 to 8, which comprise the statement of financial position as at 31 December 2020, 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 Company 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's") 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 *Auditors' 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.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors are responsible for the other information. The other information comprises all information included in the Report of Directors, but does not include the financial statements and our auditors 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.

Responsibilities of Directors and Those Charged with Governance 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 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Tang, Lit & Co.

Certified Public Accountants

PRINCIPAL
DAVID LIT KAM LEUNG (列錦標)
CPA (Practising)
香港執業會計師
FCPA (Aust.), ATiHK

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鄧列
會計師
事務所

Auditors' 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 auditors' report that includes our opinion 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 Company's internal control.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.



Tang, Lit & Co.
Certified Public Accountants

Hong Kong : 11 March 2021


INDIAN RECREATION CLUB
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
<u>PROPERTY, PLANT AND EQUIPMENT</u>	3	15,409,926.51	12,359,767.62
<u>CURRENT ASSETS</u>			
Inventories		106,444.27	108,464.81
Accounts Receivable and Prepayment		802,328.04	1,572,329.40
Utility and Sundry Deposits		42,238.00	42,238.00
Renovation Works Deposits		-	1,546,720.00
Cash at Bank		4,439,795.77	5,102,870.24
Cash in Hand		25,000.00	25,000.00
		5,415,806.08	8,397,622.45
<u>LESS : CURRENT LIABILITIES</u>			
Accounts Payable and Accrued Expenses		113,657.99	550,894.30
Gratuity Payable		93,829.14	93,829.14
Deposit Received		-	11,215.00
		207,487.13	655,938.44
<u>NET CURRENT ASSETS</u>		5,208,318.95	7,741,684.01
<u>NET ASSETS</u>		20,618,245.46	20,101,451.63
<u>CLUB ACCUMULATED SURPLUS</u>		20,618,245.46	20,101,451.63

Approved on behalf of the Board by :



Mr. Arshinder Pal Singh Grewal
President



Mr. Gurmit Singh
Vice President



Mr. Sarinder Singh Dillon
Hon. Secretary



Mr. Ali Mahomed
Committee Member

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

INDIAN RECREATION CLUB
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>2020</u> HK\$	<u>2019</u> HK\$
INCOME		
Bank Interest Income	105,547.64	107,385.78
Catering Income	2,054,737.99	2,855,759.22
Club Entrance Fees	483,000.00	491,250.00
Member Subscriptions	5,144,220.00	4,669,600.00
Receipt from Club Recreation Activities	91,725.22	1,246,183.00
Hire of Club Facilities	762,318.03	908,642.89
Sundry Income	1,047,003.00	63,805.20
	-----	-----
TOTAL INCOME	9,688,551.88	10,342,626.09

LESS: EXPENDITURE		
Advertising Expenses	-	7,880.00
Auditors' Remuneration	28,000.00	28,000.00
Bank Charges	43,175.00	43,582.00
Bank Interests	1,188.22	-
Business Registration Fee	250.00	250.00
Cable Television	99,968.00	106,868.00
Club Function Expenses	43,399.00	267,364.00
Club Recreation Activities	288,474.77	323,503.22
Electricity, Water, Gas and Telephone	359,732.30	493,573.10
Insurance	121,033.89	113,504.97
Legal and Professional Fee	143,425.00	15,000.00
Printing, Postage and Stationery	78,344.34	108,560.70
Provident Fund Contribution	183,593.36	190,957.50
Rent and Rates	456,400.00	467,000.00
Repairs and Maintenance	389,501.50	467,253.00
Safety of Premises Licence	25,300.00	25,296.00
Special Function Expenses	52,591.00	119,335.00
Staff Messing and Welfare	18,000.00	18,000.00
Staff Wages and Bonus	5,471,667.95	6,006,825.57
Sundry Expenses	221,768.81	317,935.57
Depreciation	1,145,944.91	921,944.42
	-----	-----
TOTAL EXPENDITURE	9,171,758.05	10,042,633.05

SURPLUS FOR THE YEAR	516,793.83	299,993.04
ACCUMULATED SURPLUS BROUGHT FORWARD	20,101,451.63	19,801,458.59
	-----	-----
ACCUMULATED SURPLUS CARRIED FORWARD	20,618,245.46	20,101,451.63
	=====	=====

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

INDIAN RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

REPORTING ENTITY

INDIAN RECREATION CLUB is a company incorporated in Hong Kong under Companies Ordinance with limited liability by guarantee. The address of its registered office is 63 Caroline Hill Road, Hong Kong. Its principal activity is recreation club.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The company qualifies for the reporting exemption as a small guarantee 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 and on the basis that the company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements :

a. Revenue

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

- (i) Interest income is recognised on a time proportion basis taking into account the principal and outstanding and the interest applicable; and
- (ii) Sundry income is recognised on cash basis.

b. Property, plant and equipment

Property, plant and equipment are stated at net book value.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the reducing balance method. The principal annual rates used for depreciation are as follows :

Club House and Buildings	5 %
Leasehold Improvements	5 %
Tennis Harcourt	5 %
Floodlights	10 %
Furniture, Fixtures and Equipment	20 %

c. Inventories

Inventories are stated at the lower of cost and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

INDIAN RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

d. 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, intangible assets and long-term investments. 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 amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

e. Account receivables

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

f. Employee Benefits

The Company operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the " Scheme ") under the Mandatory Provident Fund Scheme Ordinance, for all its employees. Contributions are made based on a percentage of the employee's basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Company in an independent-administered fund. The Company's employer contributions vested fully with the employees when the relevant contributions are contributed into the Scheme.

2. Directors' Remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows :

	<u>2020</u> HK\$	<u>2019</u> HK\$
Fee	-	-
Other Emoluments	-	-
	-----	-----
	-	-
	=====	=====

INDIAN RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. PROPERTY, PLANT AND EQUIPMENT

	<u>Club House and Buildings</u> HK\$	<u>Leasehold Improvements</u> HK\$	<u>Tennis Harcourt</u> HK\$	<u>Floodlight</u> HK\$	<u>Furniture Fixtures and Equipment</u> HK\$	<u>Total</u> HK\$
At 1.1.2020	61,853.19	9,838,584.04	594,818.53	445,069.87	1,419,441.99	12,359,767.62
Additions	-	3,223,456.00	-	378,955.00	593,692.80	4,196,103.80
At 31.12.2020	61,853.19	13,062,040.04	594,818.53	824,024.87	2,013,134.79	16,555,871.42
<u>Depreciation</u> Charge for the year	3,092.66	653,102.00	29,740.93	82,402.49	377,606.83	1,145,944.91
<u>Net Book Value</u> At 31.12.2020	58,760.53	12,408,938.04	565,077.60	741,622.38	1,635,527.96	15,409,926.51
At 31.12.2019	61,853.19	9,838,584.04	594,818.53	445,069.87	1,419,441.99	12,359,767.62

Club House and Buildings

Inland Lot 9039
Caroline Hill Road
Hong Kong.

4. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

5. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on pages 4 to 8 were approved and authorised for issue by the Board of Directors on 11 March 2021.