



**City University of Hong Kong**

**Establishment and Demonstration of  
Recirculation Aquaculture System for  
Fry Culture on Rafts**

Accounts for the period from 1 April 2017 to 30 September 2021



**ESTABLISHMENT AND DEMONSTRATION OF RECIRCULATION  
AQUACULTURE SYSTEM FOR FRY CULTURE ON RAFTS  
FOR THE PERIOD FROM 1 APRIL 2017 (COMMENCEMENT DATE)  
TO 30 SEPTEMBER 2021 (COMPLETION DATE)**

**INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE PRESIDENT  
OF CITY UNIVERSITY OF HONG KONG**

Pursuant to the agreement made between City University of Hong Kong (“the University”) and the Government of the Hong Kong Special Administrative Region (“the Hong Kong SAR Government”) and the Sustainable Fisheries Development Fund (“SFDF”) - Application Guidelines in respect of the SFDF project under the SFDF dated 23 March 2017 (“the Agreement”), we have undertaken a reasonable assurance engagement on the final accounts of Establishment and Demonstration of Recirculation Aquaculture System for Fry Culture on Rafts (“the Project”) (Project number: SFDF – 0016) as set out in pages 4 to 8 (“Project Accounts”) which comprise the income and expenditure statement, statement of financial position and statement of cash flows for the period from 1 April 2017 (commencement date) to 30 September 2021 (completion date), and notes to the accounts.

**Respective responsibilities of the University**

Pursuant to the Agreement, the University is to comply with the requirements (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of SFDF, as specified in the following documents:

- (a) the agreement dated 23 March 2017 and supplemental agreements dated 20 February 2020 and 16 November 2020 made between the University and the Hong Kong SAR Government in respect of the Project and the appendices thereto (which includes the Project proposal) (the “Agreement”);
- (b) the relevant “SFDF – Application Guidelines” referred to in the Agreement; and
- (c) all instructions and correspondences issued by the Director of Agriculture, Fisheries and Conservation (“DAFC”) to the University in respect of the Project.



ESTABLISHMENT AND DEMONSTRATION OF RECIRCULATION  
AQUACULTURE SYSTEM FOR FRY CULTURE ON RAFTS  
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TO 30 SEPTEMBER 2021 (COMPLETION DATE)

**INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE PRESIDENT  
OF CITY UNIVERSITY OF HONG KONG (CONTINUED)**

**Quality control and independence**

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 behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Project Accounts, based on our work performed and to report our opinion.

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* issued by the HKICPA and with reference to the Notes for Auditors of Recipient Organisations issued in August 2020 by the SFDF Secretariat (the "Notes"). We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

Our engagement includes performing the procedures set out in the Notes and examination, on a test basis, of evidence supporting the requirements (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of SFDF, as specified in the documents mentioned in the Respective responsibilities of the University section have been complied with, in all material respects.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

Based on the foregoing, in our opinion, the University has complied with, in all material respects, the requirements set by DAFC (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of SFDF, as specified in the documents mentioned in the Respective responsibilities of the University section.

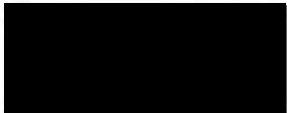


**ESTABLISHMENT AND DEMONSTRATION OF RECIRCULATION  
AQUACULTURE SYSTEM FOR FRY CULTURE ON RAFTS  
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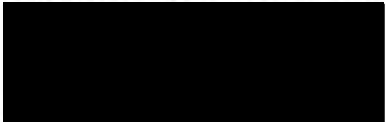
**INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE PRESIDENT  
OF CITY UNIVERSITY OF HONG KONG (CONTINUED)**

**Intended Users and Purpose**

This report is intended for filing with the Hong Kong SAR Government pursuant to the Agreement and is not intended to be, and should not be, distributed to or used by, anyone for any other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of our report.



Certified Public Accountants



28 JAN 2022

## CITY UNIVERSITY OF HONG KONG

SFDF Ref No. : SFDF-0016

Project Title : Establishment and Demonstration of Recirculation  
Aquaculture System for Fry Culture on Rafts

Project Investigator : Prof. Leung Mei Yee Kenneth

City U Project No. : 9211133

Project Commencement : 1 April 2017

Project Completion : 30 September 2021

INCOME AND EXPENDITURE STATEMENT  
FOR THE PERIOD FROM 1 APRIL 2017 TO 30 SEPTEMBER 2021

	Note	Budget HK\$	Accumulated Actual (01.04.17 to 30.09.21) HK\$	Current Period Actual (01.04.21 to 30.09.21) HK\$
<b>INCOME</b>				
Sustainable Fisheries Development Fund		3,778,880.00	3,589,936.00	-
Project Income		5,493,600.00	248,100.00	12,600.00
Interest			56,185.45	-
<b>TOTAL INCOME</b>		<u>9,272,480.00</u>	<u>3,894,221.45</u>	<u>12,600.00</u>
<b>MANPOWER</b>				
Project organising assistant		540,000.00	-	-
Research assistant		360,000.00	-	-
	<b>3</b>	<u>900,000.00</u>	<u>-</u>	<u>-</u>
<b>EQUIPMENT</b>				
Water filtration system		200,000.00	200,000.00	-
Fish net		50,000.00	-	-
Security hut		56,000.00	-	-
Double-layer glass-fiber aquarium		1,118,000.00	1,118,000.00	-
Generator (20kW) and waterproof electrical appliance		166,000.00	166,000.00	-
Environmentally friendly fish raft platform including installation service and accessories		520,000.00	427,500.00	-
	<b>4</b>	<u>2,110,000.00</u>	<u>1,911,500.00</u>	<u>-</u>
<b>GENERAL EXPENSES</b>				
Fry		1,890,000.00	675,600.00	-
Fish feed (for fry)		360,000.00	36,000.00	-
Fish feed (for adult fish)		918,000.00	18,180.00	-
Electricity/fuel expenditure		420,480.00	167,814.70	(3,839.30)
Maintenance of equipment		367,500.00	144,707.80	-
Consumables for analysis and testing		144,000.00	-	-
Outsourcing contract for management and operation of fish raft		1,642,500.00	913,500.00	-
Electricity installation for fish raft		200,000.00	36,960.00	-
Insurance, audit fee, report preparation and miscellaneous		140,000.00	122,717.50	(3,514.88)
Trade promotion activity		60,000.00	-	-
Public promotion activity		20,000.00	-	-
Preparation of publicity and promotion		100,000.00	-	-
		<u>6,262,480.00</u>	<u>2,115,480.00</u>	<u>(7,354.18)</u>
<b>TOTAL EXPENDITURE</b>		<u>9,272,480.00</u>	<u>4,026,980.00</u>	<u>(7,354.18)</u>
<b>(DEFICIT) ON COMPLETION / SURPLUS FOR THE CURRENT PERIOD</b>	<b>5</b>	<u>-</u>	<u>(132,758.55)</u>	<u>19,954.18</u>

THE NOTES ON PAGES 7 AND 8 FORM PART OF THESE ACCOUNTS.

**CITY UNIVERSITY OF HONG KONG**

**SFDF Ref No. : SFDF-0016**

**Project Title : Establishment and Demonstration of Recirculation  
Aquaculture System for Fry Culture on Rafts**

**Project Investigator : Prof. Leung Mei Yee Kenneth**

**Project No. : 9211133**

**Project Commencement : 1 April 2017**

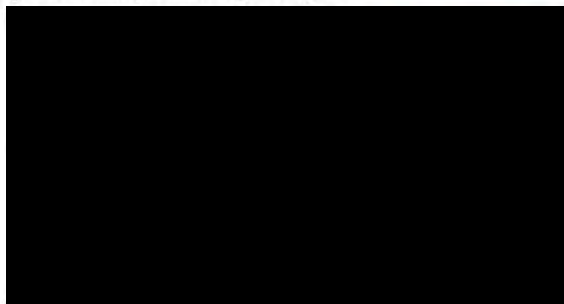
**Project Completion : 30 September 2021**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2021**

	Note	HK\$
<b>ASSETS</b>		
Accrued Income		12,600.00
		<u>12,600.00</u>
<b>LIABILITIES</b>		
Amount due to City University of Hong Kong		131,358.55
Audit fee		14,000.00
		<u>145,358.55</u>
<b>DEFICIT ON COMPLETION</b>	<b>5</b>	<u><u>(132,758.55)</u></u>

Approved and authorised for issue on behalf of City University of Hong Kong on

20 JAN 2022



THE NOTES ON PAGE 7 AND 8 FORM PART OF THESE ACCOUNTS.

CITY UNIVERSITY OF HONG KONG

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Project Investigator : Prof. Leung Mei Yee Kenneth

Project No. : 9211133

Project Commencement : 1 April 2017

Project Completion : 30 September 2021

STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM 1 APRIL 2017 TO 30 SEPTEMBER 2021

	Current Period (01.04.21 to 30.09.21) HK\$	Previous Periods (01.04.17 to 31.03.21) HK\$
<b>Cash flow from operating activities</b>		
Operating surplus / (deficit) from the project account	19,954.18	(152,712.73)
Decrease / (Increase) in accrued income	222,900.00	(235,500.00)
(Decrease) / Increase in accrued expenses	(5,909.00)	19,909.00
(Decrease) / Increase in amount due to City University of Hong Kong	(236,945.18)	368,303.73
<b>Net cash flow from operating activities</b>	<u>-</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents at beginning of period</b>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>-</u></u>	<u><u>-</u></u>

THE NOTES ON PAGE 7 AND 8 FORM PART OF THESE ACCOUNTS.

## NOTES TO THE ACCOUNTS

### 1. Basis of Preparation of the Accounts

These accounts represent the final accounts of the Establishment and Demonstration of Recirculation Aquaculture System for Fry Culture on Rafts (“the Project”) for the period from 1 April 2017 (commencement date) to 30 September 2021 (completion date), and have been prepared in accordance with the following documents:

- (a) the agreement dated 23 March 2017 and supplemental agreements dated 20 February 2020 and 16 November 2020 made between City University of Hong Kong (“the University”) and the Government of the Hong Kong Special Administrative Region in respect of the Project and the appendices thereto (which includes the Project proposal) (the “Agreement”);
- (b) the relevant Fund – Application Guidelines referred to in the Agreement; and
- (c) all instructions and correspondences issued by the Director of Agriculture, Fisheries and Conservation (DAFC) to the University in respect of the Project.

The figures under the budget columns in the income and expenditure statement do not form part of the accounts but are included for information only.

### 2. Significant Accounting Policies

#### (a) *Income and expenditure*

Income (excluding interest income) and expenditure are recognised on an accrual basis.

#### (b) *Interest income*

Interest income from bank deposits, kept in the bank accounts of the University, is accrued on a time-proportioned basis on the principal outstanding relating to this Project, in accordance with the Guide to the Sustainable Fisheries Development Fund (“SFDF”).

#### (c) *Equipment*

Expenditure on equipment is recognised on an accrual basis and is charged in full to the income and expenditure statement in the period in which it is acquired.



**NOTES TO THE ACCOUNTS (CONTINUED)**

**3. Manpower**

Manpower costs include the salary (including employer's contribution to the Mandatory Provident Fund, but excluding allowances) incurred in the employment of the team members relating to this Project.

**4. Equipment**

The University adheres to its established standard procedures and general procedures in the Application Guidelines referred to the Agreement for procurement of equipment.

**5. Surplus on Completion**

On completion of the Project, any deficit is to be absorbed by the University and any surplus is to be refunded to the SFDF in accordance with the Agreement.