



INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG  
香港沃土發展社  
(REGISTERED UNDER THE SOCIETIES ORDINANCE)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

CHINAWEAL CPA & CO.,

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG

**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**

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**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

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**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**

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**(REGISTERED UNDER THE SOCIETIES ORDINANCE)**

**REPORT OF THE EXECUTIVE COMMITTEE**  
**FOR THE YEAR ENDED 31 MARCH 2015**

The members of the executive committee have pleasure in submitting the annual report together with the audited financial statements for the year ended 31 March 2015.

**PRINCIPAL PLACE OF BUSINESS**

Institute for Integrated Rural Development, Hong Kong is a charity registered with the Government of the Hong Kong Special Administrative Region under Societies Ordinance. The address of its principal place of business is located at 2/F., Ritz Plaza, 122 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

**PRINCIPAL ACTIVITIES**

The principal activities of the Institute during the year were engaged in promoting social, cultural, educational, economic and medical development in poverty-stricken regions of China, through financial support, research, and project development.

**FINANCIAL STATEMENTS**

The results of the Institute for the year ended 31 March 2015 and the state of the Institute's affairs at that date are set out on page 5 - 13 of the financial statements.

**MEMBERS OF COMMITTEE**

The members of committee who hold the office during the year were:

Chan Ho Yi  
Chan Hok Nam  
Chiang Wai Yee  
Cheng Sui Ho Horace  
Cheung Man Chung  
Fung Chun Yin (Resigned on 26 May 2014)  
Ho Wing Chung  
Hung Fai  
Lai Sai Chung  
Lam Ka Keung  
Ng Ying Ha (Retired on 26 May 2014)  
Poon Oi Yee  
Sin Wai Sum  
Sze Yuk Hiu  
Tam Ka Yee (Retired on 26 May 2014)  
Tsoi Shim Kuen  
Wong Wai Yin  
Yim Chi Kei (Appointed on 26 May 2014)  
Yip Ka Po (Resigned on 16 December 2014)

All committee members shall be elected at the Annual General Meeting and the term of office shall be four years.

**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**

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**REPORT OF THE EXECUTIVE COMMITTEE**

**FOR THE YEAR ENDED 31 MARCH 2015**

**AUDITORS**

Chinaweal CPA & Co., Certified Public Accountants (Practising) were appointed as Institute's auditors who retire and, being eligible, offer themselves for re-appointment.

A resolution for the re-appointment of Chinaweal CPA & Co., Certified Public Accountants (Practising) as auditors of the Institute is to be proposed at the forthcoming Annual General Meeting.

By order of the Committee



Chairman

Hong Kong, 20 JAN 2017

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**

香港沃土發展社

(registered under the Societies Ordinance Section 5A(1) Chapter 151)

We have audited the financial statements of Institute for Integrated Rural Development, Hong Kong ("the Institute") set out on pages 5 to 13, which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income and expenditure, statement of changes in general fund and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

*Executive Committee Members' responsibility for the financial statements*

The executive committee members of the Institute are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the executive committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Institute's preparation and true and fair presentation of the financial statements 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 Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**

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(registered under the Societies Ordinance Section 5A(1) Chapter 151)

*Opinion*

In our opinion, the financial statements give a true and fair view of the state of the Institute's affairs as at 31 March 2015 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.



Chinaweal CPA & Co.,  
Certified Public Accountants (Practising)  
Hong Kong, 20 JAN 2017

**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**  
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**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 31 MARCH 2015**

		<u>2015</u>	<u>2014</u>
		<u>HK\$</u>	<u>HK\$</u>
	<u>Note</u>		
<b>DONATION INCOMES</b>	4	5,141,323	5,499,483
<b>OTHER REVENUES</b>	4	126,225	437,648
		<u>5,267,548</u>	<u>5,937,131</u>
<b>OPERATING EXPENSES</b>			
Accommodation		23,765	6,983
Auditors' remuneration		11,000	11,000
Bank charges		12,716	2,693
Exchange loss		16,745	70,608
Membership fee		1,100	1,100
Program expenses for China student foundation		1,190,036	1,207,647
Program expenses for English immersion camp		80,819	86,972
Program expenses for medical projects		1,705,399	4,753,506
Program expenses for outstanding teachers' award scheme		24,010	23,250
Program expenses for strawberry orphan (留守兒童)		79,298	72,344
Program expenses for teacher's charity loan scheme		-	25,000
Project of enhancement of Administration capacity		6,448	90,165
Project for Integrated development		1,093,870	2,813
Project for Moral Education		129,672	-
Project for Muping Village School		358,803	-
Project for Disaster Relief		230,314	-
Salaries		52,279	44,416
Expenses for flag day fund-raising event		-	22,491
Sundry expenses		23,525	6,478
Telecommunications		3,264	2,325
Travelling allowances		3,065	5,571
		<u>5,046,128</u>	<u>6,435,362</u>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		221,420	(498,231)
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL SURPLUS / (DEFICIT) FOR THE YEAR</b>		<u>221,420</u>	<u>(498,231)</u>


The notes on pages 9 to 13 form part of these financial statements.

**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**  
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**STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015**

	2015 <u>HK\$</u>	2014 <u>HK\$</u>
<b>CURRENT ASSETS</b>		
Other receivable	341,758	362,838
Cash and bank balances	844,197	590,697
	1,185,955	953,535
<b>CURRENT LIABILITIES</b>		
Accrued charges	(31,800)	(20,800)
<b>NET ASSETS</b>	1,154,155	932,735
<b>FUND</b>		
General fund	1,154,155	932,735

Approved and authorised for issue by the Executive Committee on 20 JAN 2017

  
Chairman

  
Secretary

The notes on pages 9 to 13 form part of these financial statements.



**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**  
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**STATEMENT OF CHANGES IN GENERAL FUND**  
**FOR THE YEAR ENDED 31 MARCH 2015**

	<u>HK\$</u>
At 1 April 2013	1,430,966
Deficit for the year	(498,231)
At 31 March 2014	<u>932,735</u>
Surplus for the year	221,420
At 31 March 2015	<u><u>1,154,155</u></u>

The notes on pages 9 to 13 form part of these financial statements.

**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG****香港沃土發展社****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	<u>2015</u> HK\$	<u>2014</u> HK\$
Cash flows from operating activities			
Surplus / (Deficit) for the year		221,420	(498,231)
Adjustments for:			
Bank interest income		(7,628)	(1,396)
Operating surplus / (deficit) before changes in working capital		213,792	(499,627)
Decrease / (Increase) in other receivable		21,080	(151,996)
Increase in accrued charges		11,000	-
Net cash generated from / (used in) operating activities		<u>245,872</u>	<u>(651,623)</u>
Cash flows from investing activities			
Bank interest received		7,628	1,396
Net cash generated from investing activities		<u>7,628</u>	<u>1,396</u>
Net increase / (decrease) in cash and cash equivalents		253,500	(650,227)
Cash and cash equivalents at the beginning of year		590,697	1,240,924
Cash and cash equivalents at the end of year		<u>844,197</u>	<u>590,697</u>
Analysis of the balances of cash and cash equivalents			
Cash at bank		809,624	574,411
Cash on hand		34,573	16,286
	3(e)	<u>844,197</u>	<u>590,697</u>

The notes on pages 9 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**1. GENERAL INFORMATION**

Institute for Integrated Rural Development, Hong Kong ("the Institute") is registered under the Societies Ordinance. The address of its principal place of business is located at 2/F., Ritz Plaza, 122 Austin Road, Tsimshatsui, Kowloon, Hong Kong. The principal activities of the Institute during the year were engaged in promoting social, cultural, educational, economic and medical development in poverty-stricken regions of China, through financial support, research, and project development.

**2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS**

The Institute's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs) which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong. A summary of significant accounting policies adopted by the Institute is set out in note 3.

**3. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of preparation of the financial statements

The measurement basis used in preparing the financial statements is historical cost.

The Institute's management makes assumptions, estimates and judgements in the process of applying the Institute's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

(b) Revenue recognition

Provided it is probable that the economic benefits will flow to the Institute and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income and expenditure as follows:

- (i) Donation income is recognized when the money is received from the donor;
- (ii) Consultation service income is recognised when the related services are rendered; and
- (iii) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(c) Employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(d) Foreign currency translations

Items included in the financial statements of the Institute are measured using the currency of the primary economic environment in which the Institute operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Institute's functional and presentation currency.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair value was determined. Exchange gains and losses are recognised in the statement of comprehensive income and expenditure.

(e) Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Grants or donations from government or third parties

Grants or donations from government or third parties, which are earmarked for specific purposes, are initially recognised as deferred income and then they are recognised in the statement of comprehensive income and expenditure over the period necessary to match with the related costs which they are intended to compensate. Grants relating to purchases of property, plant and equipment are set off against the acquisition cost of assets.

(g) Other receivables

Other 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 statement of comprehensive income and expenditure.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**4. INCOMES**

An analysis of the Institute's incomes is as follows:

	<u>2015</u>	<u>2014</u>
	<u>HK\$</u>	<u>HK\$</u>
<b>Donation incomes</b>		
Donations - General services	929,833	1,574,544
- Designated programmes	4,211,490	3,924,939
	5,141,323	5,499,483
	-----	-----
<b>Other revenues</b>		
Bank interest income	7,628	1,396
Consultation service income from clinic	12,513	14,276
Flag day fund-raising income	-	381,949
Membership fee	2,000	2,500
Sundry income	104,084	37,527
	126,225	437,648
	-----	-----
	<u>5,267,548</u>	<u>5,937,131</u>

**5. SURPLUS / (DEFICIT) FOR THE YEAR**

This is arrived at after charging:

	<u>2015</u>	<u>2014</u>
	<u>HK\$</u>	<u>HK\$</u>
Auditors' remuneration	11,000	11,000
Exchange loss	16,745	70,608
Salaries	52,279	44,416
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**6. TAXATION**

No Hong Kong Profits Tax has been provided in the financial statements as the Institute is a charitable institution to which tax exemption was granted under Section 88 of the Inland Revenue Ordinance. (2014 : Nil)

**7. FLAG DAY FUND-RAISING EVENT**

The Institute held a flag day fund-raising event on 10 August 2013 for the purpose of raising fund for projects of social education and promotion, public sanitation and basic healthcare. The net proceeds received by the Institute are HK\$359,458 which was used as follows:

<u>Project</u>	<u>HK\$</u>
Community Education and Promotion	100,192
Education Projects	136,834
Public Health and Basic Medical Project	122,612
Total	<u>359,638</u>
Fund remained	<u>-</u>

**8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Exposure to currency and interest rate risks arises in the normal course of the Institute's business. These risks are limited by the Institute's financial management policies and practices described below:

(a) Currency risk

The majority of the Institute's assets by value and all revenue are denominated in Hong Kong dollars. It incurred expenditure in Renminbi which exposed it to currency risk arising from such expenditure. Even Hong Kong dollars is not pegged to Renminbi, the historical exchange rate fluctuation on Renminbi is insignificant. Thus, there is no significant exposure expected on Renminbi transactions and balances.

(b) Interest rate risk

Apart from the bank deposits, the Institute has no significant interest-bearing assets and the Institute's income and operating cash flows are substantially independent of changes in market interest rates.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**9. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issued by the Institute 's Executive Committee on 20 JAN 2017 .

**10. AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR**

Up to the date of issue of these financial statements, the HKICPA has issued the following new and revised standards which are not yet effective and which have not been adopted in these financial statements. These include the following which may be relevant to the Institute:

	Effective for accounting periods beginning on or after
Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016
HKAS 1 Disclosure Initiative	1 January 2016
HKFRS 9 Financial Instruments	1 January 2018

The Institute is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Institute's results of operations and financial position.

**11. COMPARATIVE FIGURES**

Certain comparative figures are reclassified to conform with current year's presentation.