

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 2014

CHINAWEAL CPA & CO.,

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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FOR THE YEAR ENDED 31 MARCH 2014

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REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2014

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 2014.

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 2014 and the state of the Institute's affairs at that date are set out on page 5 - 8 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 (Appointed on April 2012)
Fung Chun Yin (Appointed on April 2012)
Ho Wing Chung
Hung Fai
Lai Sai Chung
Lam Ka Keung
Ng Ying Ha
Poon Oi Yee
Sin Wai Sum (Appointed on May 2013)
Sze Yuk Hiu
Tam Ka Yee
Tsoi Shim Kuen
Wong Wai Yin
Yip Ka Po

All committee members shall be elected at the annual general meeting and the term of office shall be four years.

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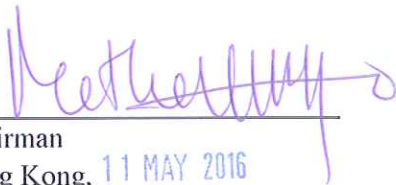
REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2014

AUDITORS

During the year, the auditors, FTO CPA Limited, Certified Public Accountants (Practising) resigned and Chinaweal CPA & Co., Certified Public Accountants (Practising) were appointed auditors of the Institute.

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

By order of the Committee



Chairman
Hong Kong, 11 MAY 2016

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 2014, 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

香港沃土發展社

(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 2014 and of its deficit 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, 11 MAY 2016

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2014

		<u>2014</u>	<u>2013</u>
		<u>HK\$</u>	<u>HK\$</u>
	<u>Note</u>		
DONATION INCOMES	4	5,499,483	2,900,087
OTHER REVENUES	4	437,648	53,036
		<u>5,937,131</u>	<u>2,953,123</u>
ADMINISTRATIVE EXPENSES			
Accommodation		6,983	9,461
Auditors' remuneration		11,000	9,500
Bank charges		2,693	4,605
Exchange loss		70,608	16,704
Membership fee		1,100	2,100
Program expenses for China student foundation		1,207,647	879,515
Program expenses for English immersion camp		86,972	67,339
Program expenses for medical projects		4,753,506	1,492,259
Program expenses for outstanding teachers' award scheme		23,250	24,000
Program expenses for teacher's charity loan scheme		25,000	12,500
Program expenses for strawberry orphan (留守兒童)		72,344	210,739
Project of enhancement of Administration capacity		90,165	126,850
Salaries		45,491	58,012
Expenses for flag day fund-raising event	7	22,491	7,600
Sundry expenses		8,216	15,464
Telecommunications		2,325	3,862
Travelling allowances		5,571	5,909
		<u>6,435,362</u>	<u>2,946,419</u>
(DEFICIT) / SURPLUS FOR THE YEAR		<u>(498,231)</u>	<u>6,704</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL (DEFICIT) / SURPLUS FOR THE YEAR		<u>(498,231)</u>	<u>6,704</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 2014

	2014 HK\$	2013 HK\$
CURRENT ASSET		
Other receivable	362,838	210,842
Cash and bank balances	590,697	1,240,924
	953,535	1,451,766
CURRENT LIABILITIES		
Accrued charges	(20,800)	(20,800)
NET ASSETS	<u>932,735</u>	<u>1,430,966</u>
FUND		
General fund	<u>932,735</u>	<u>1,430,966</u>

Approved and authorised for issue by the Executive Committee on 11 MAY 2016


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 2014

	<u>HK\$</u>
At 1 April 2012	1,424,262
Surplus for the year	6,704
At 31 March 2013	<u>1,430,966</u>
Deficit for the year	(498,231)
At 31 March 2014	<u><u>932,735</u></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 CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	<u>Note</u>	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Cash flows from operating activities			
(Deficit) / Surplus for the year		(498,231)	6,704
Adjustments for:			
Bank interest income		(1,396)	(827)
Operating (deficit) / surplus before changes in working capital		(499,627)	5,877
Increase in other receivable		(151,996)	(210,842)
Increase in accrued charges		-	9,800
Net cash used in operating activities		(651,623)	(195,165)
Cash flows from investing activities			
Bank interest received		1,396	827
Net cash generated from investing activities		1,396	827
Net decrease in cash and cash equivalents		(650,227)	(194,338)
Cash and cash equivalents at the beginning of year		1,240,924	1,435,262
Cash and cash equivalents at the end of year		590,697	1,240,924
Analysis of the balances of cash and cash equivalents			
Cash at bank		574,411	1,190,326
Cash on hand		16,286	50,598
	3(e)	590,697	1,240,924

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

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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.

In 2014, the Institute has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 April 2013, including:

- Amendments to HKAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
- HKAS 19 (2011) Employee Benefits
- Annual Improvements to HKFRSs 2009-2011 Cycle

The application of the new and revised HKFRSs has no material effects on the Institute's financial performance and positions and the impact of the adoption of some critical new or amended HKFRSs are discussed below:

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contain amendments to five standards with consequential amendments to other standards and interpretations, and among them, the following two amendments are relevant to the Institute's operations:

- Amendments to HKAS 1 Presentation of Financial Statements
- Amendments to HKAS 16 Property, Plant and Equipment

The amendments to HKAS 1 clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. The opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Institute's existing accounting policy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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.

(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 entity 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 date 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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

4. INCOMES

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

	Note	2014 HK\$	2013 HK\$
Donation incomes			
Donations - General services		1,574,544	486,062
- Designated programmes		3,924,939	2,414,025
		5,499,483	2,900,087
Other revenues			
Bank interest income		1,396	827
Consultation service income from clinic		14,276	22,959
Flag day fund-raising income	7	381,949	-
Membership fee		2,500	3,000
Sundry income		37,527	26,250
		437,648	53,036
		5,937,131	2,953,123

5. (DEFICIT) / SURPLUS FOR THE YEAR

This is arrived at after charging:

	2014 HK\$	2013 HK\$
Auditors' remuneration	11,000	9,500
Exchange loss	70,608	16,704
Salaries	45,491	58,012

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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. (2013 : 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 helathcare. Details of the income and expenditure account are as follows:

	<u>HK\$</u>
INCOME	
Fund raised	381,949

EXPENSES	
Advertisement and promotion	1,015
Insurance	1,730
Newspaper announcement advertisement	4,770
Printing of flags	4,800
Stationery and consumables	2,126
Transportation	8,050

	22,491

SURPLUS	359,458
	=====

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 2014

9. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issued by the Institute 's Executive Committee on

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
HKAS 19 (2011) Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to HKFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to HKFRSs 2011-2013 Cycle	1 July 2014
Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016
HKAS 1 Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKFRS 9 Financial Instruments	1 January 2018
Amendments to HKFRS 10, HKFRS 12 and HKFRS 28 Investment Entities	1 January 2016
HKFRS 15 Revenue from Contracts with Customers	1 January 2017

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.