

Report of the Executive Committee and
Audited Financial Statements

INSTITUTE FOR INTEGRATED RURAL
DEVELOPMENT, HONG KONG
(REGISTERED UNDER THE SOCIETIES ORDINANCE)

FOR THE YEAR ENDED 31 MARCH 2013

FTO 

FTO CPA LIMITED
隆誠會計師事務所有限公司

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
(REGISTERED UNDER THE SOCIETIES ORDINANCE)

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INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
(REGISTERED UNDER THE SOCIETIES ORDINANCE)

REPORT OF THE EXECUTIVE COMMITTEE

The members of the executive committee have pleasure present their report and the audited financial statements of the Institute for the year ended 31 March 2013.

Principal place of business

Institute of 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 activity

The principal activity 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 results

The results of the Institute for the year ended 31 March 2013 and the state of the Institute's affairs as at that date are set out in the Institute's financial statements on pages 5 to 13.

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
Ho Wing Chung
Hung Fai
Lai Sai Chung
Lam Ka Keung
Lau Pui Man
Ng Ying Ha
Poon Oi Yee
Sze Yuk Hiu
Tam Ka Yee
Tsoi Shim Kuen
Wong Wai Yin
Yip Ka Po

(resigned on 1 April 2012)

In accordance with Institute's constitution, all committee members shall be elected at the annual general meeting and the term of office shall be four year.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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REPORT OF THE EXECUTIVE COMMITTEE (Continued)

Auditors

FTO CPA Limited, Certified Public Accountants, were appointed as the auditors of the Institute. FTO CPA Limited, Certified Public Accountants, retire and being eligible offer themselves for re-appointment.

BY ORDER OF THE COMMITTEE

A handwritten signature in black ink, appearing to read 'N. H. H. H.', written over a horizontal dotted line. The signature is cursive and extends to the right of the line.

Chairman

Hong Kong
23 February 2016

Independent auditors' report

To the members of Institute of Integrated Rural Development, Hong Kong
(Registered under the Societies Ordinance Section 5A(1) Chapter 151)

Report on the Financial Statements

We have audited the financial statements of Institute of Integrated Rural Development, Hong Kong set out on pages 5 to 13, which comprise the statement of financial position as at 31 March 2013, and the statement of income and other comprehensive income, the statement of change in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Executive Committee for the financial statements

The Executive Committee is 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 determines is necessary to enable the preparation of consolidated 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, in accordance with our agreed terms of engagement, 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 about 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' judgement, 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 auditor considers internal control relevant to the entity'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 entity'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 (continued)**To the members of Institute of Integrated Rural Development, Hong Kong**

(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 2013 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.



FTO CPA Limited
Certified Public Accountants

Chan Tsz Kit
Practising Certificate Number P04816

Hong Kong
23 February 2016

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

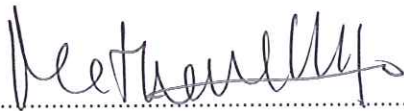
	Note	2013 HK\$	2012 HK\$
DONATION INCOME	4	2,900,087	2,752,726
OTHER REVENUE	5	<u>53,036</u>	<u>67,952</u>
		<u>2,953,123</u>	<u>2,820,678</u>
ADMINISTRATIVE EXPENSES			
Accommodation		9,461	14,382
Auditors' remuneration		9,500	11,000
Bank charges		4,605	672
China office expenses		-	55,888
Exchange loss		16,704	32,385
Membership fee		2,100	2,000
Program expenses for China student foundation		879,515	737,866
Program expenses for English immersion camp		67,339	101,398
Program expenses for medical projects		1,492,259	1,177,891
Program expenses for outstanding teachers' award scheme		24,000	23,704
Program expenses for teacher's charity loan scheme		12,500	40,741
Program expenses for strawberry orphan		210,739	61,115
Project of enhancement of Administration capacity		126,850	104,305
Salaries		58,012	120,479
Sundry expenses for fund raising		7,600	-
Sundry expenses		15,464	-
Telecommunication		3,862	432
Travelling		5,909	-
		<u>2,946,419</u>	<u>2,484,258</u>
SURPLUS FOR THE YEAR	6	6,704	336,420
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>6,704</u></u>	<u><u>336,420</u></u>

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

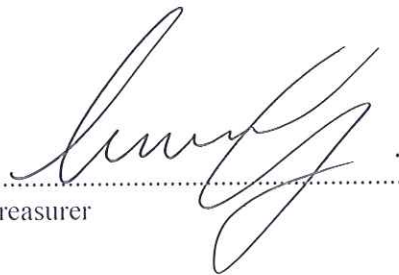
STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	2013 HK\$	2012 HK\$
CURRENT ASSETS		
Other receivable	210,842	-
Cash and bank balance	1,240,924	1,435,262
Total current assets	<u>1,451,766</u>	<u>1,435,262</u>
CURRENT LIABILITIES		
Accruals	<u>20,800</u>	<u>11,000</u>
Total current liabilities	<u>20,800</u>	<u>11,000</u>
NET CURRENT ASSETS	<u>1,430,966</u>	<u>1,424,262</u>
NET ASSETS	<u><u>1,430,966</u></u>	<u><u>1,424,262</u></u>
FUNDS AND RESERVES		
Accumulated fund	<u>1,430,966</u>	<u>1,424,262</u>
TOTAL FUNDS	<u><u>1,430,966</u></u>	<u><u>1,424,262</u></u>



.....
Chairman of the Executive Committee



.....
Treasurer

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

STATEMENT OF CHANGE IN FUNDS

	2013 HK\$	2012 HK\$
Balance at beginning of the year	1,424,262	1,087,842
Total comprehensive income for the year	<u>6,704</u>	<u>336,420</u>
Balance at end of the year	<u><u>1,430,966</u></u>	<u><u>1,424,262</u></u>

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	2013 HK\$	2012 HK\$
OPERATING ACTIVITIES		
Total surplus for the year	6,704	336,420
Adjustments for:		
Interest income	<u>(827)</u>	<u>(92)</u>
Operating surplus before changes in working capital	5,877	336,328
Increase in sundry receivable	(210,842)	-
Increase in accruals	<u>9,800</u>	<u>2,000</u>
Cash (used in)/generated from operations	(195,165)	338,328
Interest income	<u>827</u>	<u>92</u>
Net cash (used in)/generated from operating activities	<u>(194,338)</u>	<u>338,420</u>
(Decrease)/increase in cash and cash equivalents	(194,338)	338,420
Cash and cash equivalents at beginning of year	<u>1,435,262</u>	<u>1,096,842</u>
Cash and cash equivalents at beginning of year	<u><u>1,240,924</u></u>	<u><u>1,435,262</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balance	<u>1,240,924</u>	<u>1,435,262</u>
	<u><u>1,240,924</u></u>	<u><u>1,435,262</u></u>

For the year ended 31 March 2013

1. GENERAL INFORMATION

Institute of 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 activity 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term 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”) and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Institute is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Institute. Information on any change in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Institute for the current and prior accounting periods reflected in these financial statements would provide below.

Change in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Institute. Of these, the following development is relevant to the Institute’s financial statement:

- Amendments to HKFRS 7, Financial instruments: Disclosures – Transfers of financial assets

The Institute has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKFRS 7, Financial instruments: Disclosures

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Institute did not have any significant transfers of financial asset in previous periods or the current period which require disclosure in the current accounting period under the amendments

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation and accounting policies

The measurement basis used in the preparation of the financial statements is the historical cost basis. The financial statements are presented in Hong Kong Dollars and all values are rounded to the nearest dollar except when otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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 recognized in the statement of income as follows:

- (i) Interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable;
- (ii) Donation income is recognised when the money is received from the donor; and
- (iii) Consultation service income is recognised when the related services are rendered.

Translation of foreign currencies

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the reporting date. Gains and losses on foreign exchange are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Taxation

The Institute is exempted from Hong Kong Profits Tax by virtue of Section 88 of the Inland Revenue Ordinance.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grant or donation from government or third parties

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

Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans 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.

4. DONATION INCOME

Analysis of the Institute's donation income is as follows:

	2013 HK\$	2012 HK\$
Donations - General services	486,062	1,247,595
- Designated programmes	2,414,025	1,505,131
	2,900,087	2,752,726

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2013

5. OTHER REVENUE

	2013 HK\$	2012 HK\$
Consultation service income from clinic	22,959	45,842
Interest income	827	92
Membership fee	3,000	3,500
Sundry income	26,250	18,518
	<u>53,036</u>	<u>67,952</u>

6. SURPLUS FOR THE YEAR

The surplus for the year is arrived at after charging:

	2013 HK\$	2012 HK\$
Auditors' remuneration	9,500	11,000
Exchange loss	16,704	32,385
	<u>26,204</u>	<u>43,385</u>

7. TAXATION

No Hong Kong profits tax is provided as the Institute is a charitable institution to which tax exemption was granted under Section 88 of the Inland Revenue Ordinance. (2012: Nil).

8. REMUNERATION OF EXECUTIVE COMMITTEE MEMBERS

None of the Executive Committee members received or will receive any fees or emoluments in respect of their services to the Institute during the year (2012: Nil).

9. CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

The Institute's objectives when managing capital are to safeguard the Institute's ability to continue as a going concern in order to maintain an optimal fund structure.

For the year ended 31 March 2013

9. CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT (Continue)

Financial risk management

Exposure to currency, credit and liquidity risk 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) Foreign 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 balance.

(b) Credit risk

The Institute's principal financial assets are bank deposits and other receivables. The credit risk on the liquid funds is limited because of the close involvement of the management in overseeing the recovery of the assets.

(c) Liquidity risk

The Institute's primary cash requirements are for payment for operating expenses. The Institute finances its working capital requirements through the funds generated from operations.

The executive committee members believe that cash from operations will be sufficient to meet the Institute's operating cash flow.

10. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Executive Committee on 23 February 2016.