

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

REPORT OF THE MEMBERS OF COMMITTEE
AND
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

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

REPORT OF THE MEMBERS OF COMMITTEE AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

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INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

REPORT OF THE MEMBERS OF COMMITTEE

The committee members present their annual report together with the audited financial statements of the Institute for Integrated Rural Development, Hong Kong (“the Charity”) for the year ended 31 March 2009.

Principal activities

Institute for Integrated Rural Development, Hong Kong is a charity registered with the Government of the Hong Kong Special Administrative Region and has its registered office and principal place of business at Unit A, 4th Floor, Capri Building, 130 Austin Road, Tsimshatsui, Kowloon, Hong Kong. The principal activities of the Charity during the year were the furtherance of charitable causes covering areas such as education and assisting the poor and needy.

Results and state of affairs

The surplus of the Charity for the year ended 31 March 2009 and the state of the Charity’s affairs at that date are set out in the financial statements on pages 4 to 12.

Members of Committee

The members of committee who hold the office during the year and up to the date of this report were:

Chan Ho Yi
Ho Wing Chung
Hung Fai
Kan Shuk Fun (resigned on 5 June 2009)
Lau Pui Man
Ng Ying Ha
Poon Oi Yee
Sin Yeuk Fan (resigned on 5 June 2009)
Sze Yuk Hiu
Tam Ka Yee

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

Auditors

The financial statements have been audited by RIW C.P.A. Limited, Certified Public Accountants (Practising), who retire and being eligible, offer themselves for re-appointment. A resolution to re-appoint the retiring auditors, RIW C.P.A. Limited, Certified Public Accountants (Practising), is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Committee



Chairman
Hong Kong, 11 JUN 2010



**INDEPENDENT AUDITORS' REPORT
TO THE COMMITTEE MEMBERS OF INSTITUTE FOR INTEGRATED RURAL
DEVELOPMENT, HONG KONG**
(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 Charity") set out on pages 4 to 12, which comprise the balance sheet as at 31 March 2009, and the income and expenditure account, statement of changes in general fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

COMMITTEE MEMBERS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The committee members of the Charity are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 5A(1) of the Hong Kong Societies 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. Except as discussed in the basis for qualified opinion, 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' 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 auditors consider internal control relevant to the Charity'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 Charity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee members, 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 COMMITTEE MEMBERS OF INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

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

BASIS FOR QUALIFIED OPINION

(1) Limitation of audit scope – Opening balances of cash and bank balances

Included in cash and bank balances on the balance sheet as at 31 March 2008 was an amount of RMB57,991 (HK\$64,364 equivalent) kept at the office in the Mainland China of the Charity. However, at the time of the auditing we were not given information about the arrangement made for the physical count of cash at the office in the Mainland China of the Charity on 31 March 2008. In consequence we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the existence of cash in the Mainland China which have been recorded in the balance sheet as at 31 March 2008. Any adjustment to the figure may have a consequential significant effect on the surplus for the year ended 31 March 2009 and net current assets at 31 March 2009.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to cash and bank balances at the office in the Mainland China as at 31 March 2008, the financial statements give a true and fair view of the state of affairs of the Charity as at 31 March 2009 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

RIW C.P.A. Limited
Certified Public Accountants (Practising)

Wong Chun Wa
Practising Certificate Number P04785

Hong Kong, 11 JUN 2010

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009

	<i>Note</i>	<i>Year ended 31 March 2009 HK\$</i>	<i>Period from 1 January 2007 to 31 March 2008 HK\$</i>
INCOME	3	1,112,780	367,253
OPERATING EXPENSES		<u>(455,507)</u>	<u>(284,140)</u>
SURPLUS BEFORE TAX	4	657,273	83,113
INCOME TAX EXPENSE	5	<u>-</u>	<u>-</u>
NET SURPLUS FOR THE YEAR/PERIOD		<u>657,273</u>	<u>83,113</u>

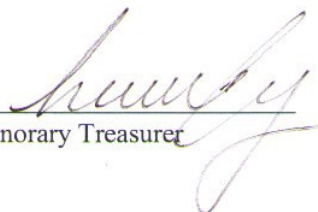
INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

BALANCE SHEET
AS AT 31 MARCH 2009

	<i>Note</i>	2009 HK\$	2008 HK\$
CURRENT ASSETS			
Prepayment		12,995	-
Cash and bank balances		<u>801,096</u>	<u>266,818</u>
		<u>814,091</u>	<u>266,818</u>
DEDUCT:			
CURRENT LIABILITIES			
Deferred income	6	<u>-</u>	<u>110,000</u>
NET CURRENT ASSETS		<u>814,091</u>	<u>156,818</u>
FUND			
General fund		<u>814,091</u>	<u>156,818</u>

The financial statements on pages 4 to 12 were approved and authorised for issue by the Chairman and Honorary Treasurer on 11 JUN 2010 and is signed on its behalf by:


Chairman


Honorary Treasurer

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED 31 MARCH 2009

	<i>HK\$</i>
At 1 January 2007	73,705
Surplus for the period	<u>83,113</u>
At 31 March 2008 and 1 April 2008	156,818
Surplus for the year	<u>657,273</u>
At 31 March 2009	<u>814,091</u>

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	<i>Year ended</i> 31 March 2009 <i>HK\$</i>	<i>Period from</i> <i>1 January 2007</i> <i>to 31 March 2008</i> <i>HK\$</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	657,273	83,113
Adjustment for:		
Bank interest income	<u>(247)</u>	<u>(2,061)</u>
OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES	657,026	81,052
Decrease in accruals	-	(1,500)
Increase in prepayment	(12,995)	-
(Decrease)/increase in deferred income	<u>(110,000)</u>	<u>110,000</u>
NET CASH GENERATED FROM OPERATIONS	534,031	189,552
CASH FLOWS FROM INVESTING ACTIVITY		
Bank interest received	<u>247</u>	<u>2,061</u>
NET CASH GENERATED FROM INVESTING ACTIVITY	247	2,061
NET INCREASE IN CASH AND CASH EQUIVALENTS	534,278	191,613
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	266,818	75,205
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	801,096	266,818
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>801,096</u>	<u>266,818</u>
Denominated in:		
Hong Kong dollars	759,100	193,245
Renminbi	<u>41,996</u>	<u>73,573</u>
	801,096	266,818

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

1. GENERAL

The Charity is established under Societies Ordinance and has its registered office at Flat A, 4th Floor, Capri Building, No.130 Austin Road, Tsimshatsui, Kowloon, Hong Kong. Its principal activities are the furtherance of charitable causes covering areas such as education and assisting the poor and needy.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which includes all applicable Statements of Standard Accounting Practice and Interpretations, and Hong Kong Accounting Standards ("HKASs")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Society Ordinance. A summary of the significant accounting policies adopted by the Charity is set out below.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. Estimates and judgements are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The financial statements have been prepared under the historical cost convention. They are presented in Hong Kong dollars which is also the Charity's functional currency. A summary of the significant accounting policies adopted by the Charity is set out below.

(a) *Recognition of income*

Other than as disclosed in note 2(e), revenue is recognised as follows:

- (i) Donations and contributions received from fund raising activities are recognised in the accounts on a cash basis; and
- (ii) Interest income is recognised on an accrual basis.

(b) *Cash and cash equivalents*

Deposits and bank balances are carried in the balance sheet at cost.

(c) *Foreign currency translations*

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Company, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

(e) 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 income and expenditure account 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 the assets.

(f) Employee benefits

Employee entitlements to annual leave and long service payment are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

3. **INCOME**

Income recognised by category are as follows:

	<i>Year ended</i> 31 March 2009 <i>HK\$</i>	<i>Period from</i> <i>1 January 2007</i> <i>to 31 March 2008</i> <i>HK\$</i>
Income		
Donations	1,112,533	358,473
Exchange gain	-	6,719
Bank interest income	247	2,061
	<u>1,112,780</u>	<u>367,253</u>

4. **SURPLUS BEFORE TAX**

	<i>Year ended</i> 31 March 2009 <i>HK\$</i>	<i>Period from</i> <i>1 January 2007</i> <i>to 31 March 2008</i> <i>HK\$</i>
Surplus from ordinary activities before tax is arrived at after charging:		
Auditors' remuneration	-	-
Exchange loss/(gain)	1,150	(6,719)
Staff costs (excluding directors' emoluments)		
- Salaries, allowances and other benefit	12,000	4,000
- MPF contribution	-	-
	<u>12,000</u>	<u>4,000</u>

5. **INCOME TAX EXPENSE**

The Charity is registered as a charitable organisation or trust of a public character under Section 88 of the Inland Revenue Ordinance, the Charity is exempted from Hong Kong Profits Tax.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

6. **DEFERRED INCOME**

	陳登社會 服務基金 -園丁計劃 HK\$	Total HK\$
At 1 January 2007	-	-
Receipts during the period	<u>110,000</u>	<u>110,000</u>
At 31 March 2008 and at 1 April 2008	110,000	110,000
Credited to the income and expenditure account during the year	<u>(110,000)</u>	<u>(110,000)</u>
At 31 March 2009	<u>-</u>	<u>-</u>

7. **FLAG DAY EVENT 2009**

The Company held a flag day fund raising event on 31 January 2009 for the purpose of raising project fund for: i) Social education and promotion project; ii) Education plan in Mainland China; iii) Public hygiene and basic medical plan in Mainland China; and iv) Research and publishing. Details of the income and expenditure account are as follows:

	<i>HK\$</i>
INCOME	
Flag day fund raised	362,917
Golden flag fund raised	<u>97,400</u>
	<u>460,317</u>
Less:	
EXPENDITURE	
Advertising and promotion	5,000
Newspaper announcement	2,160
Printing of flags	5,260
Purchase cost of donation bags	29,900
Stationery and consumables	<u>1,287</u>
TOTAL EXPENDITURE	<u>43,607</u>
SURPLUS OF INCOME OVER EXPENDITURE	<u>416,710</u>

8. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Charity's exposure to interest rate risk, foreign currency risk, credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Charity's financial management policies and practices described below:

Interest rate risk

Apart from the bank balances, mainly denominated in Hong Kong dollar, which carry interest at market rates, the Charity has no other significant interest-bearing financial assets and liabilities during the year.

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Charity's functional currency. The Charity mainly operates in Hong Kong with its transactions denominated in Hong Kong dollars. It also incurs expenditures in Renminbi for its relief projects in the People's Republic of China. The Charity cannot predict nor give any assurance of its future stability and give any assurance that any future movements in the exchange rates of Renminbi against other foreign currencies will not adversely affect its results of operations, financial condition and cash flows.

Credit risk

The Charity has no significant credit risk.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and bank balances so as to enable the Charity to meet its liabilities as and when they fall due and to continue operating for foreseeable future. The Charity is of the opinion that the Charity does not have any significant liquidity risk.

Capital management

The Charity's objectives when managing capital are to safeguard the Charity's ability to continue as a going concern in order to carry out its principal activities, i.e. to provide impartial aid to the sick, the suffering and the vulnerable. The Charity's overall strategy remains unchanged from prior year.

The capital structure of the Charity consists of general fund. In order to maintain or adjust the capital structure, the Charity may appeal for donations from the general public.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the members of committee on 11 JUN 2010

~ END OF REPORT ~

THE FOLLOWING DETAILED INCOME STATEMENT HAS BEEN PREPARED
FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE
AUDITED FINANCIAL STATEMENTS

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

NOTES TO INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009

	<i>Year ended</i> 31 March 2009	<i>Period from</i> <i>1 January 2007</i> <i>to 31 March 2008</i>
	<i>HK\$</i>	<i>HK\$</i>
INCOME		
Donations	1,112,533	358,473
Exchange gain	-	6,719
Interest income	247	2,061
	<u>1,112,780</u>	<u>367,253</u>
LESS : OPERATING EXPENSES		
Bank charges	100	300
陳登基金 expenses	108,830	-
China office expenses		
- Accommodation	-	473
- Salaries and allowances	-	14,773
- Sundry	52	5,079
- Telecommunication	-	3,690
- Travelling	-	2,511
China student foundation expenses	188,307	197,107
English immersion camp	18,000	-
Exchange loss	1,150	-
Medical projects	37,899	18,781
Membership fee	500	-
Project for 留守兒童	3,390	-
Registration fee	100	-
Salaries	12,000	4,000
Souvenir	-	7,084
Special project	18,276	-
Sundry expenses for fund raising events	54,832	5,987
Sundry expenses	345	21,018
Teacher's allowance	-	3,337
Teachers' award scheme	6,386	-
Teachers' charity loan scheme	5,340	-
	<u>455,507</u>	<u>284,140</u>
SURPLUS BEFORE TAX	<u>657,273</u>	<u>83,113</u>