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

REPORT OF THE MEMBERS OF COMMITTEE
AND
AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2008

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

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FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2008

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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 period from 1 January 2007 to 31 March 2008.

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 period were the furtherance of charitable causes covering areas such as education and assisting the poor and needy.

Change of accounting period

The financial year-end date of the Charity was changed from 31 December to 31 March commencing from the year 2007. Accordingly, the current financial period covered the 15-month period from 1 January 2007 to 31 March 2008.

Results and state of affairs

The surplus of the Charity for the period from 1 January 2007 to 31 March 2008 and the state of the Charity's affairs at that date are set out in the financial statements on pages 4 to 11.

Members of Committee

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

Chan Ho Yi
Ho Wing Chung
Hung Fai
Kan Shuk Fun
Lau Pui Man
Ng Ying Ha
Poon Oi Yee
Sin Yeuk Fan
Sze Yuk Hiu
Tam Ka Yee (appointed on 19 January 2008)
Yau Pui Wah (resigned on 19 January 2008)

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

Messrs. K.H. Chan & Co., Certified Public Accountants resigned and RIW C.P.A. Limited, Certified Public Accountants (Practising) were appointed as auditors of the Charity. 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, 15 JUN 2009



**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 11, which comprise the balance sheet as at 31 March 2008, and the income and expenditure account, statement of changes in general fund and cash flow statement for the period from 1 January 2007 to 31 March 2008, 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

Included in cash and bank balances on the balance sheet is an amount of RMB57,991 (HK\$64,364 equivalent) kept at the office in the Mainland China of the Charity. However, no arrangement was 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. There were no other satisfactory audit procedures that we could adopt to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Any adjustment to the figure may have a consequential significant effect on the surplus for the period from 1 January 2007 to 31 March 2008 and net current assets at 31 March 2008.

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, the financial statements give a true and fair view of the state of affairs of the Charity as at 31 March 2008 and of its surplus and cash flow for the period from 1 January 2007 to 31 March 2008 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, 15 JUN 2009

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2008


	<i>Note</i>	<i>Period from 1 January 2007 to 31 March 2008 HK\$</i>	<i>Year ended 31 December 2006 HK\$</i>
INCOME	3	367,253	145,673
OPERATING EXPENSES		<u>(284,140)</u>	<u>(174,154)</u>
SURPLUS/(DEFICIT) BEFORE TAX	4	83,113	(28,481)
INCOME TAX EXPENSE	5	<u>-</u>	<u>-</u>
NET SURPLUS/(DEFICIT) FOR THE PERIOD/YEAR		<u><u>83,113</u></u>	<u><u>(28,481)</u></u>

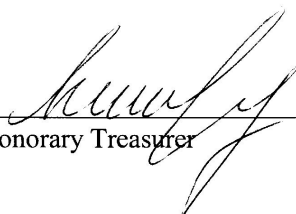
INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

BALANCE SHEET
AS AT 31 MARCH 2008

	<i>Note</i>	31 March 2008 <i>HK\$</i>	<i>31 December 2006</i> <i>HK\$</i>
CURRENT ASSET			
Cash and bank balances		<u>266,818</u>	<u>75,205</u>
DEDUCT:			
CURRENT LIABILITIES			
Deferred income	6	110,000	-
Accruals		<u>-</u>	<u>1,500</u>
		<u>110,000</u>	<u>1,500</u>
NET CURRENT ASSETS		<u>156,818</u>	<u>73,705</u>
FUND			
General fund		<u>156,818</u>	<u>73,705</u>

The financial statements on pages 4 to 11 were approved and authorised for issue by the Chairman and Honorary Treasurer on 15 JUN 2009 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 PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2008

	<i>HK\$</i>
At 1 January 2006	102,186
Deficit for the year	<u>(28,481)</u>
At 31 December 2006 and 1 January 2007	73,705
Surplus for the period	<u>83,113</u>
At 31 March 2008	<u>156,818</u>

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2008

	<i>Period from 1 January 2007 to 31 March 2008 HK\$</i>	<i>Year ended 31 December 2006 HK\$</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit) before tax	83,113	(28,481)
Adjustment for:		
Bank interest income	<u>(2,061)</u>	<u>(1,478)</u>
OPERATING SURPLUS/(DEFICIT) BEFORE WORKING CAPITAL CHANGES	81,052	(29,959)
Decrease in accruals	(1,500)	(1,500)
Increase in deferred income	<u>110,000</u>	<u>-</u>
NET CASH GENERATED FROM/(USED IN) OPERATIONS	<u>189,552</u>	<u>(31,459)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Bank interest received	<u>2,061</u>	<u>1,478</u>
NET CASH GENERATED FROM INVESTING ACTIVITY	<u>2,061</u>	<u>1,478</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	191,613	(29,981)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	<u>75,205</u>	<u>105,186</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	<u>266,818</u>	<u>75,205</u>
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>266,818</u>	<u>75,205</u>
Denominated in:		
Hong Kong dollars	193,245	75,205
Renminbi	<u>73,573</u>	<u>-</u>
	<u>266,818</u>	<u>75,205</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2008

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

- (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.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2008

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

(d) 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.

3. INCOME

Income recognised by category are as follows:

	<i>Period from 1 January 2007 to 31 March 2008 HK\$</i>	<i>Year ended 31 December 2006 HK\$</i>
Income		
Donations	358,473	144,195
Exchange gain	6,719	-
Bank interest income	<u>2,061</u>	<u>1,478</u>
	<u>367,253</u>	<u>145,673</u>

4. SURPLUS/(DEFICIT) BEFORE TAX

	<i>Period from 1 January 2007 to 31 March 2008 HK\$</i>	<i>Year ended 31 December 2006 HK\$</i>
Surplus/(deficit) from ordinary activities before tax is arrived at after charging:		
Auditors' remuneration	-	1,500
Staff costs (excluding directors' emoluments)		
- Salaries, allowances and other benefit	<u>4,000</u>	<u>24,459</u>
- MPF contribution	<u>-</u>	<u>-</u>
	<u>4,000</u>	<u>24,459</u>

5. INCOME TAX EXPENSE

As Institute for Integrated Rural Development, Hong Kong 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2008

6. DEFFERED INCOME

	陳登社會 服務基金 - 園丁計劃 HK\$	Total HK\$
At 1 January 2006	-	-
Changes during the year	-	-
At 31 December 2006 and at 1 January 2007	-	-
Receipts during the period	110,000	110,000
At 31 March 2008	110,000	110,000

7. 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 period/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.

7. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

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.

8. COMPARATIVE FIGURES

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

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the members of committee on **15 JUN 2009**

~ 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 PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2008

	<i>Period from 1 January 2007 to 31 March 2008 HK\$</i>	<i>Year ended 31 December 2006 HK\$</i>
INCOME		
Donations	358,473	144,195
Exchange gain	6,719	-
Interest income	2,061	1,478
	<u>367,253</u>	<u>145,673</u>
LESS : OPERATING EXPENSES		
Bank charges	300	-
China office expenses		
- Accommodation	473	789
- Salaries	14,773	24,459
- Sundry	5,079	4,730
- Telecommunication	3,690	1,905
- Travelling	2,511	2,805
China student foundation expenses	197,107	89,340
Jin Guo plan	-	2,197
Legal and professional fees	-	1,500
Medical projects	18,781	42,129
Salaries	4,000	-
Merchandise for Charity bazaar	7,084	-
Sundry expenses for fund raising events	5,987	-
Sundry expenses	21,018	-
Teacher's allowance	3,337	4,300
	<u>284,140</u>	<u>174,154</u>
SURPLUS/(DEFICIT) BEFORE TAX	<u>83,113</u>	<u>(28,481)</u>