



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 2016

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 2016

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REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2016

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 2016.

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 Flat C, 2/F., TLP 132, 132-134 Tai Lin Pai Road, Kwai Chung, New Territories, 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.

BUSINESS REVIEW

(1) Internal and external environment

Operating in the current economic environment is challenging. In addition, competition in terms of fundraising is fierce. While we are glad to see that the gradual building of a profile of loyal donors, we appreciate the need for extra efforts in public promotion and for exploration of new donation and income sources in order to support our committed and new projects.

(2) Future development and strategies

The strategic goals of the Institute for the coming years are:

- Develop fundraising programmes and campaigns in Mainland China to contribute to long term and sustainable income as well as to promote a culture of philanthropy there.
- Promote the integrated development in rural China through innovation and empowering individuals and communities.
- Establish a unique brand identity in Hong Kong locally and develop an effective communication strategy with our stakeholders, partners, donors and the public, so as to reach out to a wider demographic of people to increase awareness and understanding of the Institute's value and principles.

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REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2016

BUSINESS REVIEW (CONTINUED)

(3) Key financial indicators

- Donations made for general services and designated programmes in 2016 were HK\$1,120,005 and HK\$2,889,268 respectively.
- Management and administration costs - the costs required to run and maintain the Institute were quite effectively kept within a reasonably low level, representing 4.6% (HK\$158,481) of total expenses.

(4) Fund Allocation and Reserves

A higher closing balance of cash and cash equivalent in 2016 was due to the cash inflows received during the year that fell into the category of deferred project income. The Institute had several long-term programmes which went beyond the financial year that project incomes were received and expenses were yet to be paid, resulting in the increased cash balance. Accordingly to the Institute's principle of financial management, we aim to allocate all surplus funds that exceed required reserve to our pilot development programmes.

FINANCIAL STATEMENTS

The results of the Institute for the year ended 31 March 2016 and the state of the Institute's affairs at that date are set out on page 6 - 14 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
Ho Wing Chung
Hung Fai
Lai Sai Chung
Lam Ka Keung
Pun Oi Yee
Sin Wai Sum
Sze Yuk Hiu
Tsoi Shim Kuen
Wong Wai Yin
Yim Chi Kei

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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(REGISTERED UNDER THE SOCIETIES ORDINANCE)

REPORT OF THE EXECUTIVE COMMITTEE

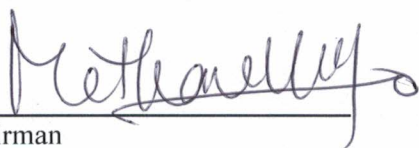
FOR THE YEAR ENDED 31 MARCH 2016

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, 15 SEP 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 6 to 14, which comprise the statement of financial position as at 31 March 2016, 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 2016 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Chinaweal CPA & Co.

Chinaweal CPA & Co.
Certified Public Accountants (Practising)
Hong Kong, 15 SEP 2017

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2016

		<u>2016</u>	<u>2015</u>
		HK\$	HK\$
	<u>Note</u>		
DONATION INCOMES	4	4,009,273	5,141,323
OTHER REVENUES	4	159,386	126,225
		<u>4,168,659</u>	<u>5,267,548</u>
OPERATING EXPENSES			
Accommodation		25,877	23,765
Auditors' remuneration		11,000	11,000
Bank charges		3,888	12,716
Exchange loss		48,888	16,745
Membership fee		2,200	1,100
Program expenses for China student foundation		1,380,332	1,190,036
Program expenses for English immersion camp		-	80,819
Program expenses for medical projects		938,061	1,705,399
Program expenses for outstanding teachers' award scheme		-	24,010
Program expenses for strawberry orphan (留守兒童)		123,628	79,298
Project expenses for disaster relief		37,272	230,314
Project expense for integrated development		652,996	1,093,870
Project expenses for moral education		47,641	129,672
Project expenses for Muping Village School		29,794	358,803
Project expenses for capacity enhancement		26,956	6,448
Salaries		66,325	52,279
Sundry expenses		43,400	23,525
Telecommunications		3,675	3,264
Travelling allowances		2,116	3,065
		<u>3,444,049</u>	<u>5,046,128</u>
SURPLUS FOR THE YEAR		724,610	221,420
OTHER COMPREHENSIVE INCOME		-	-
TOTAL SURPLUS FOR THE YEAR		<u>724,610</u>	<u>221,420</u>

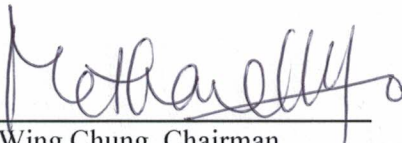
The notes on pages 10 to 14 form part of these financial statements.


INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

		2016 <u>HK\$</u>	2015 <u>HK\$</u>
	<u>Note</u>		
CURRENT ASSETS			
Loan receivable	7	60,240	-
Other receivable		324,094	341,758
Cash and bank balances		1,537,231	844,197
		1,921,565	1,185,955
CURRENT LIABILITIES			
Accrued charges		(42,800)	(31,800)
NET ASSETS		<u>1,878,765</u>	<u>1,154,155</u>
FUND			
General fund		<u>1,878,765</u>	<u>1,154,155</u>

Approved and authorised for issue by the Executive Committee on **15 SEP 2017**


Ho Wing Chung, Chairman


Cheng Sui Ho Horace, Secretary

The notes on pages 10 to 14 form part of these financial statements.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
香港沃土發展社

STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED 31 MARCH 2016

	<u>HK\$</u>
At 1 April 2014	932,735
Surplus for the year	221,420
At 31 March 2015	<u>1,154,155</u>
Surplus for the year	724,610
At 31 March 2016	<u><u>1,878,765</u></u>

The notes on pages 10 to 14 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 2016

	<u>Note</u>	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Cash flows from operating activities			
Surplus for the year		724,610	221,420
Adjustments for:			
Interest income	4	(11,552)	(7,628)
Operating surplus before changes in working capital		713,058	213,792
(Increase) / Decrease in other receivable		(42,576)	21,080
Increase in accrued charges		11,000	11,000
Net cash generated from operating activities		681,482	245,872
Cash flows from investing activities			
Interest received		11,552	7,628
Net cash generated from investing activities		11,552	7,628
Net increase in cash and cash equivalents		693,034	253,500
Cash and cash equivalents at the beginning of year		844,197	590,697
Cash and cash equivalents at the end of year		1,537,231	844,197
Analysis of the balances of cash and cash equivalents			
Cash at bank		1,434,973	809,624
Cash on hand		102,258	34,573
	3(f)	1,537,231	844,197

The notes on pages 10 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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 Flat C, 2/F., TLP 132, 132-134 Tai Lin Pai Road, Kwai Chung, New Territories, 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 2016, the Institute has initially applied the new and revised HKFRSs issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2015, including:

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the new and revised HKFRSs has no material effects on the Institute's financial performance and positions.

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) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

4. INCOMES

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

	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Donation incomes		
Donations - General services	1,120,005	929,833
- Designated programmes	2,889,268	4,211,490
	4,009,273	5,141,323
	-----	-----
Other revenues		
Bank interest income	11,552	7,628
Consultation service income from clinic	14,573	12,513
Membership fee	2,500	2,000
Sundry income	130,761	104,084
	159,386	126,225
	-----	-----
	<u>4,168,659</u>	<u>5,267,548</u>

5. SURPLUS FOR THE YEAR

This is arrived at after charging:

	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Auditors' remuneration	11,000	11,000
Exchange loss	48,888	16,745
Salaries	66,325	52,279
	-----	-----
	<u>126,213</u>	<u>80,024</u>

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. (2015 : Nil)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

7. LOAN RECEIVABLE

The loan amounted to HK\$60,240 are repayable after five months with an interest rate of 12% per annum. Penalty will be imposed on situation of late repayment.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to currency, interest rate and credit risks arise 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. Although Hong Kong dollars is not pegged to Renminbi, the exchange fluctuation on Renminbi for the Institute 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.

(c) Credit risk

The Company is exposed to credit risk on financial assets, mainly attributable to loan receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The credit risk is limited because the counterparty is related party of the manager of the Institute.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

9. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issued by the Institute 's Executive Committee on **15 SEP 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 15 Revenue from contracts with customers	1 January 2018
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.