

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 2018

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 2018

<u>CONTENTS</u>	<u>PAGES</u>
REPORT OF THE EXECUTIVE COMMITTEE	1 - 2
INDEPENDENT AUDITORS' REPORT	3 - 5
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN GENERAL FUND	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 15

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

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 2018.

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 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.

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 2018 and the state of the Institute's affairs at that date are set out on page 6 - 15 of the financial statements.

MEMBERS OF COMMITTEE

The members of committee who hold the office up to date of report were:

Chan Ho Yi	
Chan Hok Nam	
Chiang Wai Yee	(Resigned on 2 April 2019)
Cheng Sui Ho Horace	
Cheung Man Chung	(Appointed on 29 April 2017)
Ho Wing Chung	
Hung Fai	(Resigned on 29 April 2017)
Lai Sai Chung	(Resigned on 2 April 2019)
Lam Ka Keung	
Leung Yue Kong	(Appointed on 29 April 2017)
Pun Oi Yee	
Sin Wai Sum	
Sze Yuk Hiu	
Tsoi Shim Kuen	
Wong Wai Yin	(Resigned on 1 May 2018)
Yim Chi Kei	(Resigned on 2 April 2019)

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 2018

AUDITOR

Chinaweal CPA & Co. Certified Public Accountants (Practising) were appointed as Institute's auditor 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 auditor of the Institute is to be proposed at the forthcoming Annual General Meeting.

By order of the Committee



Chairman

Hong Kong, 8 JAN 2020

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 15, which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income and expenditure, statement of changes in general fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The executive committee members are responsible for the other information. The other information comprises the information included in the report of the executive committee, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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)

Responsibilities of Executive Committee Members and Those Charged with Governance 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 HKFRSs issued by the HKICPA, 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.

In preparing the financial statements, the executive members are responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive members either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the executive committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chinaweal CPA & Co.

Chinaweal CPA & Co.
Certified Public Accountants (Practising)
Hong Kong, 8 JAN 2020

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

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2018

		<u>2018</u>	<u>2017</u>
		<u>HK\$</u>	<u>HK\$</u>
	<u>Note</u>		
DONATION INCOMES	4	3,219,005	3,166,267
OTHER REVENUES	4	136,672	244,460
		<u>3,355,677</u>	<u>3,410,727</u>
OPERATING EXPENSES			
Accommodation		3,504	24,907
Auditors' remuneration		13,000	15,000
Bank charges		3,083	2,652
Exchange loss		29,136	28,613
Membership fee		2,200	2,200
Program expenses for China student foundation		1,793,447	1,230,211
Project expenses for disaster relief		99,445	83,490
Project expenses for Hong Kong Travel Agent Project		73,179	-
Project expense for integrated development		741,796	870,198
Program expenses for medical projects		543,187	997,563
Project expenses for moral education		159,347	192,798
Project expenses for Muping Village School		-	54,344
Program expenses for strawberry orphan (留守兒童)		70,094	57,320
Rent		51,840	38,880
Salaries		92,387	905
Staff training		17,658	-
Sundry expenses		145,359	109,623
Telecommunications		20,007	8,457
Travelling allowances		23,329	2,072
Trip expenses		1,812	28,983
		<u>3,883,810</u>	<u>3,748,216</u>
DEFICIT FOR THE YEAR		<u>(528,133)</u>	<u>(337,489)</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL DEFICIT FOR THE YEAR		<u>(528,133)</u>	<u>(337,489)</u>

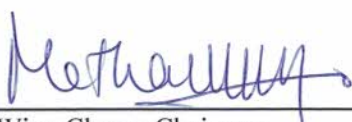
The notes on pages 10 to 15 form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

		2018 <u>HK\$</u>	2017 <u>HK\$</u>
	<u>Note</u>		
CURRENT ASSETS			
Rental deposit		10,178	9,000
Prepayment		85,102	-
Loan receivable	7	-	10,189
Amount due from a related party	8	100,000	-
Other receivable		317,951	315,985
Accounts receivable		8,918	-
Cash and bank balances		932,433	1,222,102
		1,454,582	1,557,276
CURRENT LIABILITIES			
Temporary receipt		(295,800)	-
Accrued charges		(145,639)	(16,000)
		(441,439)	(16,000)
NET ASSETS		1,013,143	1,541,276
FUND			
General fund		1,013,143	1,541,276

Approved and authorised for issue by the Executive Committee on 8 JAN 2020


 Ho Wing Chung, Chairman


 Cheng Sui Ho Horace, Secretary

The notes on pages 10 to 15 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 2018

	<u>HK\$</u>
At 1 April 2016	1,878,765
Deficit for the year	<u>(337,489)</u>
At 31 March 2017	1,541,276
Deficit for the year	<u>(528,133)</u>
At 31 March 2018	<u><u>1,013,143</u></u>

The notes on pages 10 to 15 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	<u>Note</u>	<u>2018</u> <u>HK\$</u>	<u>2017</u> <u>HK\$</u>
Cash flows from operating activities			
Deficit for the year		(528,133)	(337,489)
Adjustments for:			
Interest income	4	(1,670)	(1,053)
Operating deficit before changes in working capital		(529,803)	(338,542)
Decrease in loan and other receivable		8,223	58,160
Increase in rental deposit		(1,178)	(9,000)
Increase in accounts receivable		(8,918)	-
Increase in amount due from a related party		(100,000)	-
Increase in prepayment		(85,102)	-
Increase in receipt in advance		295,800	-
Increase / (Decrease) in accrued charges		129,639	(26,800)
Net cash used in operating activities		(291,339)	(316,182)
Cash flows from investing activities			
Interest received		1,670	1,053
Net cash generated from investing activities		1,670	1,053
Net decrease in cash and cash equivalents		(289,669)	(315,129)
Cash and cash equivalents at the beginning of year		1,222,102	1,537,231
Cash and cash equivalents at the end of year		932,433	1,222,102
Analysis of the balances of cash and cash equivalents			
Cash at bank		795,987	1,137,457
Cash on hand		136,446	84,645
	3(f)	932,433	1,222,102

The notes on pages 10 to 15 form part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION

Institute for Integrated Rural Development, Hong Kong is a charity registered with the Government of the Hong Kong Special Administrative Region 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 2018, 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 2017, including:

HKAS 7 Disclosure Initiative (amendments)

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) Loan and other receivables

Loan and 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 2018

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, mandatory provident fund contribution and 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, earmarked for specific purposes, are initially recognised as deferred income and then recognised in the statement of comprehensive income and expenditure over the relevant period 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 relevant assets.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases

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.

(i) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

4. INCOMES

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

	<u>2018</u> <u>HK\$</u>	<u>2017</u> <u>HK\$</u>
Donation incomes		
Donations - General	1,543,438	1,498,497
- Designated programmes	1,675,567	1,667,770
	<u>3,219,005</u>	<u>3,166,267</u>
Other revenues		
Bank interest income	1,670	1,053
Consultation service income from clinic	-	26,231
Membership fee	750	750
Sundry income	134,252	216,426
	<u>136,672</u>	<u>244,460</u>
	<u>3,355,677</u>	<u>3,410,727</u>

5. DEFICIT FOR THE YEAR

This is arrived at after charging:

	<u>2018</u> <u>HK\$</u>	<u>2017</u> <u>HK\$</u>
Auditors' remuneration	13,000	15,000
Exchange loss	29,136	28,613
Rent	51,840	38,880
Salaries	92,387	905

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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. (2017 : Nil)

7. LOAN RECEIVABLE

A loan with principal amounted to RMB10,000 granted to a staff is unsecured, interest free and repayable by monthly instalments of RMB1,000 each.

8. AMOUNT DUE FROM A RELATED PARTY

<u>Name of a related party</u>	<u>Balance at</u> <u>31.03.2018</u> <u>HK\$</u>	<u>Balance at</u> <u>31.03.2017</u> <u>HK\$</u>	<u>Maximum</u> <u>amount</u> <u>outstanding</u> <u>in the year</u> <u>HK\$</u>
GoHarvest Travel Limited	<u>100,000</u>	<u>-</u>	<u>100,000</u>

Mr. Ho Wing Chung and Mr Sze Yuk Hiu, committee members of the Institute, control both the Institute and the related party.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

香港沃土發展社

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

9. 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 expenditures 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 liabilities 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 cash at bank. The credit risk is limited because the counterparty is an authorised financial institution listed in the Hong Kong Stock Exchange and regulated under the Hong Kong Banking Ordinance.

Another principal financial asset is other 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 a staff of the Institute.

10. COMMITMENTS UNDER OPERATING LEASES

The Institute had the following total future minimum lease payments payable under non-cancellable operating leases:

	<u>2018</u>	<u>2017</u>
	<u>HK\$</u>	<u>HK\$</u>
Not later than one year	51,840	51,840
Later than one year	99,360	151,200
	<u>151,200</u>	<u>203,040</u>

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

香港沃土發展社

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11. 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
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15, Revenue from contracts with customers	1 January 2018
HKFRS 16, Leases	1 January 2019

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.

12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issued by the Institute 's Executive Committee on 8 JAN 2020 .