

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 2017

CHINAWEAL CPA & CO.

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG

**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 2017**

<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 - 14

**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**

**香港沃土發展社**

**(REGISTERED UNDER THE SOCIETIES ORDINANCE)**

**REPORT OF THE EXECUTIVE COMMITTEE**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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 2017.

**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.

**FINANCIAL STATEMENTS**

The results of the Institute for the year ended 31 March 2017 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  
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**

**香港沃土發展社**

**(REGISTERED UNDER THE SOCIETIES ORDINANCE)**

**REPORT OF THE EXECUTIVE COMMITTEE**

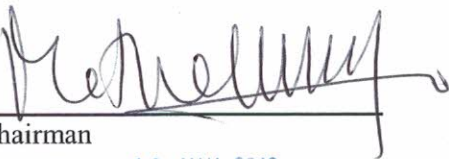
**FOR THE YEAR ENDED 31 MARCH 2017**

**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, 19 JUN 2019

**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 2017, 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 2017, 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 ("HKSA") 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 and opinion on the effectiveness of the Company's internal control.

**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)

*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.  
Certified Public Accountants (Practising)  
Hong Kong, 19 JUN 2019

**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 2017**

		<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
	<u>Note</u>		
<b>DONATION INCOMES</b>	4	3,166,267	4,009,273
<b>OTHER REVENUES</b>	4	244,460	159,386
		<u>3,410,727</u>	<u>4,168,659</u>
<b>OPERATING EXPENSES</b>			
Accommodation		24,907	25,877
Auditors' remuneration		15,000	11,000
Bank charges		2,652	3,888
Exchange loss		28,613	48,888
Membership fee		2,200	2,200
Program expenses for China student foundation		1,230,211	1,380,332
Program expenses for medical projects		997,563	938,061
Program expenses for strawberry orphan (留守兒童)		57,320	123,628
Project expenses for capacity enhancement		-	26,956
Project expenses for disaster relief		83,490	37,272
Project expense for integrated development		870,198	652,996
Project expenses for moral education		192,798	47,641
Project expenses for Muping Village School		54,344	29,794
Rent		38,880	-
Salaries		905	66,325
Sundry expenses		109,623	43,400
Telecommunications		8,457	3,675
Travelling allowances		2,072	2,116
Trip expenses		28,983	-
		<u>3,748,216</u>	<u>3,444,049</u>
<b>(DEFICIT) / SURPLUS FOR THE YEAR</b>		<u>(337,489)</u>	<u>724,610</u>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL (DEFICIT) / SURPLUS FOR THE YEAR</b>		<u>(337,489)</u>	<u>724,610</u>

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

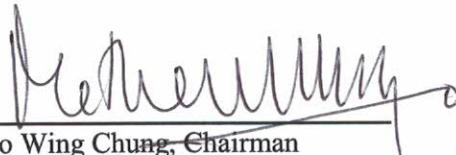


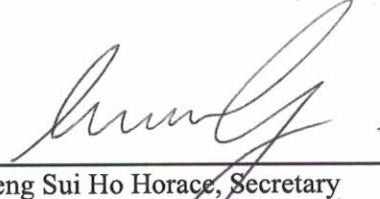
**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**  
**香港沃土發展社**

**STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017**

		2017 <u>HK\$</u>	2016 <u>HK\$</u>
	<u>Note</u>		
<b>CURRENT ASSETS</b>			
Loan receivable	7	10,189	60,240
Other receivable		315,985	324,094
Rental deposit		9,000	-
Cash and bank balances		1,222,102	1,537,231
		1,557,276	1,921,565
<b>CURRENT LIABILITIES</b>			
Accrued charges		(16,000)	(42,800)
<b>NET ASSETS</b>		<u>1,541,276</u>	<u>1,878,765</u>
<b>FUND</b>			
General fund		<u>1,541,276</u>	<u>1,878,765</u>

Approved and authorised for issue by the Executive Committee on 19 JUN 2019

  
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 2017**

	<u>HK\$</u>
At 1 April 2015	1,154,155
Surplus for the year	724,610
At 31 March 2016	<u>1,878,765</u>
Deficit for the year	(337,489)
At 31 March 2017	<u><u>1,541,276</u></u>

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 CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<u>Note</u>	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
Cash flows from operating activities			
(Deficit) / Surplus for the year		(337,489)	724,610
Adjustments for:			
Interest income	4	(1,053)	(11,552)
Operating (deficit) / surplus before changes in working capital		(338,542)	713,058
Decrease / (Increase) in loan and other receivable		8,058	(42,576)
Increase in rental deposit		(9,000)	-
(Decrease) / Increase in accrued charges		(26,800)	11,000
Net cash (used in) / generated from operating activities		(366,284)	681,482
Cash flows from investing activities			
Interest received		1,053	11,552
Net cash generated from investing activities		1,053	11,552
Net (decrease) / increase in cash and cash equivalents		(365,231)	693,034
Cash and cash equivalents at the beginning of year		1,537,231	844,197
Cash and cash equivalents at the end of year		1,172,000	1,537,231
Analysis of the balances of cash and cash equivalents			
Cash at bank		1,137,457	1,434,973
Cash on hand		34,543	102,258
	3(f)	1,172,000	1,537,231

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**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 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

**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 2017, 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 2016, including:

- Annual Improvements to HKFRSs 2012-2014 Cycle
- Amendments to HKAS 1 Presentation of financial statements: Disclosure initiative

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 2017**

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**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.

**4. INCOMES**

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

	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
<b>Donation incomes</b>		
Donations - General	1,498,497	1,120,005
- Designated programmes	1,667,770	2,889,268
	3,166,267	4,009,273
	-----	-----
<b>Other revenues</b>		
Bank interest income	1,053	11,552
Consultation service income from clinic	26,231	14,573
Membership fee	750	2,500
Sundry income	216,426	130,761
	244,460	159,386
	-----	-----
	3,410,727	4,168,659
	=====	=====

**5. (DEFICIT) / SURPLUS FOR THE YEAR**

This is arrived at after charging:

	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
Auditors' remuneration	15,000	11,000
Exchange loss	28,613	48,888
Rent	38,880	-
Salaries	905	66,325
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**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. (2016 : Nil)

**7. LOAN RECEIVABLE**

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

**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 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 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 a staff of the Institute.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**9. COMMITMENTS UNDER OPERATING LEASES**

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

	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
Not later than one year	51,840	-
Later than one year	151,200	-
	<u>203,040</u>	<u>-</u>

**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
Amendment to HKAS 7, Disclosure Initiative	1 January 2017
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.

**11. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issued by the Institute 's Executive Committee on 19 JUN 2019 .