

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

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

CHINAWEAL CPA & CO.,

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG

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

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

<u>CONTENTS</u>	<u>PAGES</u>
REPORT OF THE EXECUTIVE COMMITTEE	1 - 2
INDEPENDENT AUDITORS' REPORT	3 - 4
STATEMENT OF COMPREHENSIVE INCOME	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN GENERAL FUND	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 12

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

REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2012

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 2012.

PRINCIPAL PLACE OF BUSINESS

Institute of 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 2/F., Ritz Plaza, 122 Austin Road, Tsimshatsui, Kowloon, 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 2012 and the state of the Institute's affairs at that date are set out on page 5 - 8 of the financial statements.

MEMBERS OF COMMITTEE

The members of committee who hold the office during the year were:

Chan Ho Yi
Ho Wing Chung
Hung Fai
Lau Pui Man
Ng Ying Ha
Poon Oi Yee
Sze Yuk Hiu
Tam Ka Yee
Wong Wai Yin
Cheng Sui Ho Horace
Lam Ka Keung
Yip Ka Po
Chiang Wai Yee
Chan Hok Nam (Appointed on 1 May 2011)
Lai Sai Chung (Appointed on 1 May 2011)
Tsoi Shim Kuen (Appointed on 1 May 2011)

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
(REGISTERED UNDER THE SOCIETIES ORDINANCE)


REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2012

AUDITORS

Chinaweal CPA & Co., Certified Public Accountants (Practising), formerly registered as Leung Kam Man Victor, Certified Public Accountant (Practising) were appointed as Company'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 Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Committee


Chairman
Hong Kong, 25 MAR 2014

INDEPENDENT AUDITORS' REPORT TO THE 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 Institute") set out on pages 5 to 12, which comprise the statement of financial position as at 31 March 2012, the statement of comprehensive income, 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, 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.

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

(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 2012 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, 25 MAR 2014

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	<u>2012</u>	<u>2011</u>
	<u>HK\$</u>	<u>HK\$</u>
INCOME		
Donations	2,752,726	1,427,067
Consultation service income from clinic	45,842	49,121
Interest income	92	51
Membership fee	3,500	2,500
Sundry income	18,518	-
Exchange gain	-	2,258
	<u>2,820,678</u>	<u>1,480,997</u>
	-----	-----
ADMINISTRATIVE EXPENSES		
Accommodation	14,382	9,401
Auditors' remuneration	11,000	9,000
Bank charges	672	722
China office expenses	55,888	45,914
Exchange loss	32,385	-
Membership fee	2,000	1,000
Program expenses for China student foundation	737,866	492,835
Program expenses for English immersion camp	101,398	29,403
Program expenses for medical projects	1,177,891	375,349
Program expenses for outstanding teachers' award scheme	23,704	-
Program expenses for teacher's charity loan scheme	40,741	-
Program expenses for strawberry orphan (留守兒童)	61,115	100,122
Project of enhancement of Administration capacity	104,305	-
Salaries	120,479	62,663
Sundry expenses for fund raising events	-	1,034
Sundry expenses	-	26,644
Telecommunications	432	233
Travelling allowances	-	10,868
	<u>2,484,258</u>	<u>1,165,188</u>
	-----	-----
SURPLUS FOR THE YEAR	336,420	315,809
OTHER COMPREHENSIVE INCOME	-	-
TOTAL SURPLUS FOR THE YEAR	<u>336,420</u>	<u>315,809</u>
	=====	=====

The notes on pages 9 to 12 form part of these financial statements.

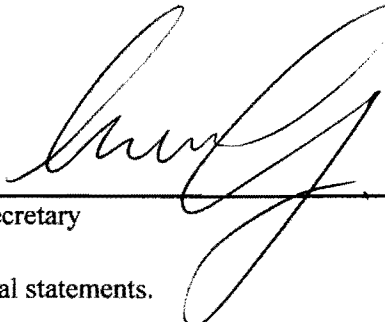
INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2012

	2012 <u>HK\$</u>	2011 <u>HK\$</u>
CURRENT ASSET		
Cash and bank balances	1,435,262	1,096,842
CURRENT LIABILITIES		
Accrued charges	<u>(11,000)</u>	<u>(9,000)</u>
NET ASSETS	<u>1,424,262</u>	<u>1,087,842</u>
FUND		
General fund	<u>1,424,262</u>	<u>1,087,842</u>

Approved and authorised for issue by the Executive Committee on


Chairman


Secretary

The notes on pages 9 to 12 form part of these financial statements.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED 31 MARCH 2012

	<u>HK\$</u>
At 1 April 2010	772,033
Surplus for the year	315,809
At 31 March 2011	<u>1,087,842</u>
Surplus for the year	336,420
At 31 March 2012	<u><u>1,424,262</u></u>

The notes on pages 9 to 12 form part of these financial statements.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2012

	<u>Note</u>	<u>2012</u> <u>HK\$</u>	<u>2011</u> <u>HK\$</u>
Cash flows from operating activities			
Surplus for the year		336,420	315,809
Adjustments for:			
Bank interest income		(92)	(51)
Operating surplus before changes in working capital		336,328	315,758
Decrease in prepayment		-	19,317
Decrease in deferred income		-	(195,430)
Increase in accrued charges		2,000	9,000
Net cash generated from operating activities		338,328	148,645
Cash flows from investing activities			
Bank interest received		92	51
Net cash generated from investing activities		92	51
Net increase in cash and cash equivalents		338,420	148,696
Cash and cash equivalents at the beginning of year		1,096,842	948,146
Cash and cash equivalents at the end of year		1,435,262	1,096,842
Analysis of the balances of cash and cash equivalents			
Cash at bank		1,381,504	970,593
Cash on hand		53,758	126,249
	3(d)	1,435,262	1,096,842

The notes on pages 9 to 12 form part of these financial statements.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2012**

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 2/F., Ritz Plaza, 122 Austin Road, Tsimshatsui, Kowloon, 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 2012, the Institute has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 April 2011, including:

- HKAS 24(Revised) *Related Party Disclosures*
- Improvements to HKFRSs 2010, including HKFRS 7 *Financial Instruments: Disclosure* and HKAS 1 *Presentation of Financial Statements*

The application of the new and revised HKFRS has no material effects on the Institute's financial performance and positions as well as its disclosure.

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.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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 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.

(c) Foreign currency translations

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At the date 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.

(d) 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.

(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 statement of comprehensive income 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.

(f) 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.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

4. INCOME

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

	<u>2012</u> <u>HK\$</u>	<u>2011</u> <u>HK\$</u>
Donations - General services	1,247,595	353,380
- Designated programmes	1,505,131	1,073,687
Consultation service income from clinic	45,842	49,121
Membership fee	3,500	2,500
Bank interest income	92	51
Sundry income	18,518	-
Exchange gain	-	2,258
	<u>2,820,678</u>	<u>1,480,997</u>

5. SURPLUS FOR THE YEAR

These were arrived at after charging:

	<u>2012</u> <u>HK\$</u>	<u>2011</u> <u>HK\$</u>
Auditor's remuneration	11,000	9,000
Exchange loss	32,385	-
Salaries	120,479	62,663

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. (2011 : Nil)

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to currency and interest rate risks arises 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. Even Hong Kong dollars is not pegged to Renminbi, the historical exchange rate fluctuation on Renminbi 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.

8. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issued by the Institute 's Executive Committee on

9. 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 2013
HKAS 1 (revised) Presentation of Items of OCI	1 July 2012
HKAS 19 (revised) Employee Benefits	1 January 2013
Amendments to HKAS 32, Offsetting financial assets and financial liabilities	1 January 2014

The Institue 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.