

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

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

LEUNG KAM MAN VICTOR

CERTIFIED PUBLIC ACCOUNTANT (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 2011**

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

**REPORT OF THE EXECUTIVE COMMITTEE**  
**FOR THE YEAR ENDED 31 MARCH 2011**

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 2011.

**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, and economic 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 2011 and the state of the Institute's affairs at that date are set out in page 5 and 6 of the financial statements respectively.

**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

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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**REPORT OF THE EXECUTIVE COMMITTEE**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**AUDITORS**

During the year, the auditors, RIW C.P.A. Limited, Certified Public Accountants (Practising) resigned and Leung Kam Man Victor, Certified Public Accountant (Practising) was appointed auditor of the Institute.

A resolution for the re-appointment of Leung Kam Man Victor, Certified Public Accountant (Practising), as auditor of the Institute is to be proposed at the forthcoming Annual General Meeting.

By order of the Committee



Chairman

Hong Kong, 18 September 2012

**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 13, which comprise the statement of financial position as at 31 March 2011, 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 the Hong Kong Companies Ordinance, 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 2011 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Leung Kam Man Victor  
Certified Public Accountant (Practising)  
Hong Kong, 18 September 2012

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	<u>2011</u>	<u>2010</u>
	<u>HK\$</u>	<u>HK\$</u>
<b>INCOME</b>		
Donations	1,427,067	612,068
Consultation service income from clinic	49,121	58,115
Interest income	51	46
Membership fee	2,500	-
Exchange gain	2,258	-
	<u>1,480,997</u>	<u>670,229</u>
	-----	-----
<b>ADMINISTRATIVE EXPENSES</b>		
Accommodation	9,401	2,226
Auditors' remuneration	9,000	-
Bank charges	722	730
China office expenses	45,914	45,419
Exchange loss	-	2,386
Membership fee	1,000	1,000
Program expenses for China student foundation	492,835	203,298
Program expenses for English immersion camp	29,403	41,003
Program expenses for medical projects	375,349	257,593
Program expenses for outstanding teachers' award scheme	-	22,271
Program expenses for teacher's charity loan scheme	-	23,862
Program expenses for strawberry orphan (留守兒童)	100,122	13,212
Salaries	62,663	87,591
Sundry expenses for fund raising events	1,034	5,039
Sundry expenses	26,644	1,934
Telecommunications	233	848
Travelling allowances	10,868	3,875
	<u>1,165,188</u>	<u>712,287</u>
	-----	-----
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	315,809	(42,058)
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL SURPLUS / (DEFICIT) FOR THE YEAR</b>	<u>315,809</u>	<u>(42,058)</u>
	=====	=====

The notes on pages 9 to 13 form part of these financial statements.

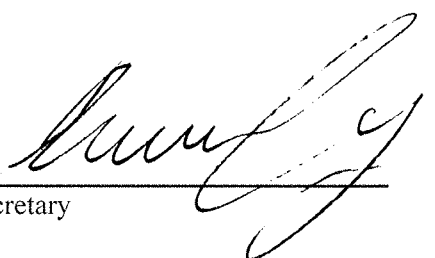
**INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG**

**STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011**

	<u>Notes</u>	2011 <u>HK\$</u>	2010 <u>HK\$</u>
<b>CURRENT ASSETS</b>			
Prepayment		-	19,317
Cash and bank balances		1,096,842	948,146
		1,096,842	967,463
<b>CURRENT LIABILITIES</b>			
Deferred income	8	-	(195,430)
Accrued charges		(9,000)	-
		(9,000)	(195,430)
<b>NET ASSETS</b>		<u>1,087,842</u>	<u>576,603</u>
<b>FUND</b>			
General fund		<u>1,087,842</u>	<u>772,033</u>

Approved and authorised for issue by the Executive Committee on 18 September 2012

  
Chairman

  
Secretary

The notes on pages 9 to 13 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 2011**

	<u>HK\$</u>
At 1 April 2009	814,091
Deficit for the year	(42,058)
At 31 March 2010	<u>772,033</u>
Surplus for the year	315,809
At 31 March 2011	<u><u>1,087,842</u></u>

The notes on pages 9 to 13 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	<u>Note</u>	<u>2011</u> <u>HK\$</u>	<u>2010</u> <u>HK\$</u>
Cash flows from operating activities			
Surplus / (deficit) for the year		315,809	(42,058)
Adjustments for:			
Bank interest income		(51)	(46)
Operating surplus / (deficit) before changes in working capital		315,758	(42,104)
Decrease / (Increase) in prepayment		19,317	(6,322)
(Decrease) / Increase in deferred income		(195,430)	195,430
Increase in accrued charges		9,000	-
Net cash generated from operating activities		148,645	147,004
Cash flows from investing activities			
Bank interest received		51	46
Net cash used in investing activities		51	46
Net increase in cash and cash equivalents		148,696	147,050
Cash and cash equivalents at the beginning of year		948,146	801,096
Cash and cash equivalents at the end of year		1,096,842	948,146
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents	3(d)	1,096,842	948,146

The notes on pages 9 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**1. GENERAL INFORMATION**

Institute for Integrated Rural Development, Hong Kong ("the Institute") is established 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, and economic 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, and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies adopted by the Institute is set out in note 3.

In 2011, 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 2010. A summary of the changes in accounting policies resulting from the Institute's application of these HKFRSs is set out in note 4.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**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 recognized 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 2011**

**4. CHANGES IN ACCOUNTING POLICIES**

In 2011, 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 2010, including:

	Effective for accounting periods beginning on or
Improvements to HKFRSs issued in 2010	1 January 2011
Revised HKAS 24, Related party disclosures	1 January 2011
HKFRS 1 Amendment	1 July 2010
HK(IFRIC) - Int 14	1 January 2011
HK(IFRIC) - Int 19	1 July 2010

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

**5. INCOME**

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

	2011 HK\$	2010 HK\$
Donations - General services	353,380	425,257
- Designated programmes	1,073,687	186,811
Consultation service income from clinic	49,121	58,115
Membership fee	2,500	-
Bank interest income	51	46
Exchange gain	2,258	-
	<u>1,480,997</u>	<u>670,229</u>

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

These were arrived at after charging:

	2011 HK\$	2010 HK\$
Auditor's remuneration	9,000	-
Exchange loss	-	2,386
Salaries	62,663	95,578
	<u>71,663</u>	<u>97,964</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**7. 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. (2010:Nil)

**8. DEFERRED INCOME**

	Fu Tak Iam Foundation - Project Stethoscope HK\$	Chan Dang Social Services Foundation - Project Gardener HK\$	Total HK\$
Donations received during the year	228,044	110,000	338,044
Credited to the statement of comprehensive income during the year	(90,319)	(52,295)	(142,614)
At 31 March 2010 and at 1 April 2010	137,725	57,705	195,430
Donations received during the year	138,196	275,900	414,096
Credited to the statement of comprehensive income during the year	(275,921)	(333,605)	(609,526)
At 31 March 2011	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**9. 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.

**10. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issued by the Institute 's Executive Committee on 18 September 2012.

**11. COMPARATIVE FIGURES**

Comparative figures were audited by auditor other than Leung Kam Man Victor, Certified Public Accountant (Practising). Furthermore, certain comparative figures are reclassified to conform with current year's presentation.

**12. AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR**

Up to the date of issue of these financial statements, the HKFRS that have been issued but are not yet effective for the year ended 31 March 2011 and which have not been adopted in these financial statements 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

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.