

**Report of the Council**

**Audited Financial Statements**

**HONGKONG HUILING, LIMITED**

**慧靈(香港)智障人仕服務有限公司**

(Incorporated in Hong Kong with limited liability by guarantee)

**31 March 2014**

***Andrew Hung & Co.***

洪宏信會計師事務所

*Certified Public Accountants*

*Hong Kong*

**HONGKONG HUILING, LIMITED**  
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## **HONGKONG HUILING, LIMITED REPORT OF THE COUNCIL**

The Council has the pleasure to present its report and its audited financial statements for the year ended 31 March 2014.

### **Principal activity**

HongKong HuiLing, Limited (“the Organisation”) is a charitable organisation and the principal activity of the Organisation is provision of services to the people with mental disabilities for improving their life quality.

### **Results**

The results of the Organisation for the year ended 31 March 2014 and its state of affairs at that date are set out in the financial statements on pages 5 to 13.

### **Council**

The members of the Council who held office during the year and up to the date of this report were:

BELLATI Franco	(appointed on 29 December 2013)
CAGNIN Fernando	
CHEUNG Lai Ping	(appointed on 29 December 2013)
CHEUNG Yin Hung Bonnie	
MENG Wei Na	
TSE Kam Chuen Luke	
TSUI Kee Cheong Michael	

In accordance with the Organisation’s articles of association, all the council members shall retire and, being eligible, offer themselves for re-election for the forthcoming annual general meeting.

### **Council members' interests in contracts of significance**

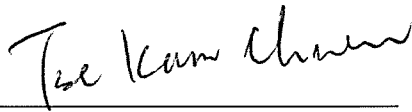
No contract of significance to which the Organisation was a party and in which a council member of the Organisation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**HONGKONG HUILING, LIMITED**  
**REPORT OF THE COUNCIL**

**Auditor**

Andrew Hung & Co. retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Andrew Hung & Co. as auditor of the Organisation is to be proposed at the forthcoming annual general meeting.

BY ORDER OF THE COUNCIL



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Chairman  
Hong Kong  
11 December 2014



**ANDREW HUNG & CO.**

*Certified Public Accountants (Practising)*

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
HONGKONG HUILING, LIMITED**

(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)

**Report on the financial statements**

We have audited the financial statements of HongKong Huiling, Limited (“the Organisation”) set out on pages 5 to 13, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income and expenditure, statement of changes in general funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Council members' responsibility for the financial statements**

The council members are responsible for the preparation of financial statement 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 council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies 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 of 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 about 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 auditor's 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 auditor considers internal control relevant to the Organisation's preparation of the financial statement that give a true and fair view 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 Organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the council members, as well as evaluating the overall presentation of the financial statements.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
HONGKONG HUILING, LIMITED**

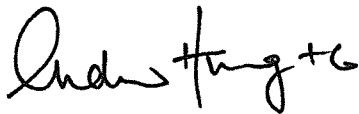
(Incorporated in Hong Kong as a company limited by guarantee and not having a share capital)

**Auditor's responsibility (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Organisation as at 31 March 2014 and of its surplus and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Andrew Hung & Co.  
Certified Public Accountants  
Hong Kong  
11 December 2014

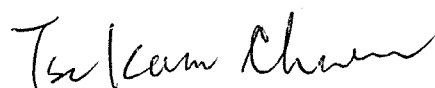
**HONGKONG HUILING, LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**  
**For the year ended 31 March 2014**  
(Expressed in Hong Kong Dollars)

	Notes	2014 HKD	2013 HKD
Income	3	4,702,277	2,290,759
Expenditure		<u>(3,449,941)</u>	<u>(1,828,832)</u>
Surplus before taxation	4	1,252,336	461,927
Income tax expense	6	<u>-</u>	<u>-</u>
Surplus for the year		1,252,336	461,927
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive surplus for the year		<u><u>1,252,336</u></u>	<u><u>461,927</u></u>

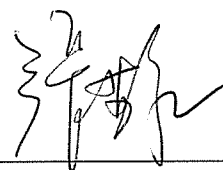
The notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

**HONGKONG HUILING, LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2014**  
(Expressed in Hong Kong Dollars)

	2014 HKD	2013 HKD
<b>CURRENT ASSETS</b>		
Prepayment and other receivable	15,388	13,000
Cash and cash equivalents	7     2,483,738	1,272,541
	<u>2,499,126</u>	<u>1,285,541</u>
<b>CURRENT LIABILITIES</b>		
Other payable	<u>49,429</u>	<u>88,180</u>
<b>NET ASSETS</b>	<u>2,449,697</u>	<u>1,197,361</u>
<b>GENERAL FUNDS</b>		
Accumulated funds	<u>2,449,697</u>	<u>1,197,361</u>



The member of the Council



The member of the Council

The notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.



**HONGKONG HUILING, LIMITED**  
**STATEMENT OF CHANGES IN GENERAL FUNDS**  
**For the year ended 31 March 2014**  
(Expressed in Hong Kong Dollars)

	Accumulated funds HKD
Balance as at 1 April 2012	735,434
Surplus for the year	<u>461,927</u>
Balance as at 31 March 2013	1,197,361
Surplus for the year	<u>1,252,336</u>
Balance as at 31 March 2014	<u><u>2,449,697</u></u>

The notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

**HONGKONG HUILING, LIMITED**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2014**  
(Expressed in Hong Kong Dollars)

	2014 HKD	2013 HKD
<b>OPERATING ACTIVITIES</b>		
Surplus for the year	1,252,336	461,927
Adjustments for:-		
Interest income	<u>(2,274)</u>	<u>(2,301)</u>
Operating surplus before change in working capital	1,250,062	459,626
Increase in prepayment and other receivable	(2,388)	(13,000)
(Decrease)/increase in other payable	<u>(38,751)</u>	<u>88,180</u>
Cash generated from operation	1,208,923	534,806
Interest received	<u>2,274</u>	<u>2,301</u>
Cash generated from operating activities	<u>1,211,197</u>	<u>537,107</u>
Net increase in cash and cash equivalents	1,211,197	537,107
Balances of cash and cash equivalents:		
At the beginning of year	<u>1,272,541</u>	<u>735,434</u>
At the end of year	<u><u>2,483,738</u></u>	<u><u>1,272,541</u></u>

The notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

**HONGKONG HUILING, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2014**  
(Expressed in Hong Kong Dollars)

1. GENERAL INFORMATION

HongKong Huiling, Limited (“the Organisation”) is a company incorporated in Hong Kong with limited liability by guarantee and not having a share capital. The address of its registered office and principal place of business is at Unit A&C, 4/F, Gee Hing Chang Industrial Building, 16 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong. The principal activity of the Organisation is provision of services to the people with mental disabilities for improving their life quality.

2. PRINCIPAL ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term 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”), and the requirements of the Hong Kong Companies Ordinance.

The principal accounting policies and methods of computation used by the Organisation in the preparation of the financial statements for the year ended 31 March 2014 are consistent with those adopted in the financial statements for the year ended 31 March 2013. In the year ended 31 March 2014, the Organisation has initially adopted the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 April 2013. The application of these HKFRSs has no material effects on the Organisation’s financial statements.

b) Basis of preparation

The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars (“HKD”), which is the Organisation’s functional currency.

The preparation of financial statements in conformity with HKFRSs requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**HONGKONG HUILING, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2014**  
(Expressed in Hong Kong Dollars)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

b) Basis of preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgments and estimates in applying the Organisation's accounting policies.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

d) Recognition of income

Income from donations and registration income are recognised when cash is received and includes all sums received up to the end of the reporting period.

e) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the statement of financial position date. Exchange gains and losses are recognised in the statement of comprehensive income and expenditure.

**HONGKONG HUILING, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2014**  
(Expressed in Hong Kong Dollars)

3. INCOME

Incomes recognised during the year are as follows:

	2014 HKD	2013 HKD
Donation income	4,297,813	1,963,435
Sponsorship income	400,800	323,863
Membership fees	1,390	1,160
Interest received	2,274	2,301
	<u>4,702,277</u>	<u>2,290,759</u>

4. SURPLUS BEFORE TAXATION

Surplus before taxation is stated after charging/(crediting) the following:

	2014 HKD	2013 HKD
Auditor's remuneration	-	-
Relief payments	3,436,790	1,811,528
Exchange difference, net	<u>(7,703)</u>	<u>3,661</u>

5. COUNCIL MEMBERS' REMUNERATION

	2014 HKD	2013 HKD
Fees	-	-
Other emoluments	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

6. TAXATION

The Organisation is exempted from the payment of Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance. (2013: NIL)

**HONGKONG HUILING, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2014**  
(Expressed in Hong Kong Dollars)

7. CASH AND CASH EQUIVALENTS

	2014 HKD	2013 HKD
Current and savings accounts	2,105,570	895,756
Fixed deposits – Maturity within three months at acquisition	378,108	376,753
Cash in hand	60	32
	<u>2,483,738</u>	<u>1,272,541</u>

8. FINANCIAL RISK MANAGEMENT

The Organisation is exposed foreign currency risk and interest rate risk arising in the normal course of the Organisation's activities.

The Organisation does not have any written risk management policies and guidelines. The council members monitor the financial risk management of the Organisation and take such measures as considered necessary from time to time to minimise such financial risks.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Organisation is exposed to foreign currency risk related primarily to income and expenditure that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily Chinese Renminbi. The Organisation does not hold or issue any derivative financial instruments for such purposes or to hedge against fluctuations in foreign exchange rates. The Organisation mitigates this risk by conducting the income and expenditure transactions in the same currency, whenever possible.

No sensitivity analysis is performed as the Organisation's exposure to foreign currency risk is not significant.

**HONGKONG HUILING, LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2014**  
(Expressed in Hong Kong Dollars)

8. FINANCIAL RISK MANAGEMENT (CONTINUED)

ii) Interest rate risk

Interest rate risk refers to the risk of loss arising from changes in market interest rates. The Organisation has interest bearing assets including cash at bank.

As at 31 March 2014, it is estimated that a general increase or decrease of 10 basis points in interest rates, with all other variables held constant, would increase or decrease the surplus after taxation by approximately HKD25,000 (2013: HKD12,000).

9. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued the following amendments, new standards and interpretation which are not yet effective for the year ended 31 March 2014 and which have not been early adopted by the company:

		Effective for annual reporting periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2015

The Organisation has already commenced an assessment of the related impact of adopting the above new standards and interpretation and amendments to standards 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 financial statements.

10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Council on 11 December 2014.