

# ACCA CHARITABLE FOUNDATION LIMITED

Reports and Financial Statements

For the year ended 31 December 2006



# Independent auditors' report

## **To the members of ACCA Charitable Foundation Limited (incorporated in Hong Kong as a company limited by guarantee and not having a share capital)**

We have audited the financial statements of ACCA Charitable Foundation Limited set out on pages 2 to 5, which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Governors' responsibility for the financial statements**

The governors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' 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 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 entity'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 entity'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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2006 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.



### **Grant Thornton**

Certified Public Accountants  
13th Floor, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong  
19 March 2007



## Cash flow statement for the year ended 31 December 2006

	2006 HK\$	2005 HK\$
<b>Cash flows from operating activities</b>		
Surplus/(Deficit) for the year	426,753	(339,342)
Adjustment for :		
Interest income	(13,880)	(2,845)
Operating profit before changes in working capital	412,873	(342,187)
Decrease in Donation and other receivables	10,000	311,400
Decrease in Donation payables	-	(265,600)
Decrease in Other payables	-	(22,889)
(Decrease) /Increase in Charity Fun Day income received in advance	(74,907)	417,590
<i>Net cash from operating activities</i>	<b>347,966</b>	98,314
<b>Cash flows from investing activities</b>		
Interest received	13,880	2,845
<i>Net cash from investing activities</i>	<b>361,846</b>	2,845
Net increase in cash	361,846	101,159
Cash at 1 January	846,972	745,813
<b>Cash at 31 December</b>	<b>1,208,818</b>	846,972

## Statement of changes in equity for the year ended 31 December 2006

	2006 HK\$	2005 HK\$
Surplus funds at 1 January	444,232	783,574
Surplus/ (Deficit) for the year	426,753	(339,342)
Surplus funds at 31 December	<b>870,985</b>	444,232

# Notes to the financial statements for the year ended 31 December 2006

## 1. NATURE OF OPERATIONS

The Company is a non-profit making organisation and the principal activity of the company is to raise funds for donations to charitable organisations.

## 2. GENERAL INFORMATION

ACCA Charitable Foundation Limited is a company incorporated in Hong Kong limited by guarantee and not having a share capital. The liability of the members is limited to HK\$100 per member in the event of the company being wound up, whilst they remain a member, or within one year after they cease to be a member.

The address of the Company's registered office and its principal place of business is Room 1901, 19/F, World Wide House, 19 Des Voeux Road Central, Hong Kong.

The financial statements of the Company on pages 2 to 5 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Hong Kong Companies Ordinance.

## 3. ADOPTION OF NEW OR REVISED HKFRS

From 1 January 2006, the Company has adopted all new and amended HKFRS which are effective on 1 January 2006 and relevant to the Company. The adoption of these standards did not result in any changes to the accounting policies and the amounts or disclosures in these financial statements.

3.1 New Standards or Interpretations that have been issued but are not yet effective

The company has not early adopted the following HKFRS that have been issued but not yet effective. The governors of the Company anticipate that the adoption of such HKFRS will not result in material financial impact on the Company's financial statements.

Amendment to HKAS 1	"Presentation of Financial Statements"- Capital Disclosures 1
HKFRS 7	"Financial Instruments : Disclosures" <sup>1</sup>
HK(IFRIC) - Int 7	"Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies" <sup>2</sup>
HK(IFRIC) - Int 8	"Scope of HKFRS 2" <sup>3</sup>
HK(IFRIC) - Int 9	"Reassessment of Embedded Derivatives" <sup>4</sup>
HK(IFRIC) - Int 10	"Interim Financial Reporting and Impairment" <sup>5</sup>
HK(IFRIC) - Int 11	"Group and Treasury Share Transactions" <sup>6</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2006

<sup>3</sup> Effective for annual periods beginning on or after 1 May 2006

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2006

<sup>5</sup> Effective for annual periods beginning on or after 1 November 2006

<sup>6</sup> Effective for annual periods beginning on or after 1 March 2007

## 4. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

### (a) Revenue recognition

Rickshaw race entry fees and games stall takings and other activities entry fees are recognised on an accrual basis upon the completion of the Charity Fun Day.

Donations, sponsorships and subsidy from the Association of Chartered Certified Accountants are recognised on an accrual basis.

Rebate donations from affinity credit cards are recognised on an accrual basis.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. The Company did not use any critical accounting estimates and judgements in the preparation of the financial statements.

## 6. TAXATION

The company is a charitable organisation within the meaning of Section 88 of the Hong Kong Inland Revenue Ordinance and accordingly is exempted from Hong Kong Profits Tax.

## 7. NET SURPLUS FROM THE CHARITY FUN DAY

	2006	2005
	HK\$	HK\$
<b>Income</b>		
Rickshaw race	161,408	-
Donations	18,549	-
Games stalls takings	85,500	-
Sponsorships	477,000	-
	<b>742,457</b>	-

## Expenditure

Advertisement	4,000	-
Printing & postage	5,649	-
Production cost	7,311	-
Professional fee	220,000	-
Sundry expenses	12,635	-
Transportation	8,545	-
Trophies & medals	7,664	-
	<b>265,804</b>	-
<b>Surplus</b>	<b>476,653</b>	-

## 8. REBATE DONATIONS FROM ACCA / DAH SING BANK AFFINITY CREDIT CARDS

Under the agreement of the affinity credit card between Dah Sing Bank and ACCA, Dah Sing Bank will rebate on a monthly basis from 0.15% to 0.25% on the amount of retail spending by the affinity card holders to ACCA Charitable Foundation Limited.

## 9. CHARITABLE DONATIONS

	2006	2005
	HK\$	HK\$
Hong Kong Committee for UNICEF	-	250,000
Hong Kong Red Cross	-	250,000
The Spastics Association of HK	120,000	-
Hong Kong PHAB Association	72,000	-
Harmony House Limited	80,250	-
Hans Andersen Club Limited	34,800	-
Int'l Social HK Branch	19,895	-
Donation to the HKICPA playstreet event	10,000	-
	<b>336,945</b>	500,000

## 10. GOVERNORS' EMOLUMENTS

Remuneration of the governors disclosed pursuant to Section 161 of the Companies Ordinance is as follows:

	2006	2005
	HK\$	HK\$
Fees	NIL	NIL
Other emoluments	NIL	NIL

## 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company does not have written risk management policies and guidelines. However, the governors meet periodically to analyse and formulate measures to manage the Company's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Company employs a conservative strategy regarding its risk management. As the governors of the Company consider that the Company's exposure to market risk is minimum, the Company has not used any derivatives or other instruments for hedging purposes. The Company does not hold or issue derivative financial instruments for trading purposes.

The financial assets of the Company comprise primarily of donation and other receivables and bank balance and cash. The Company does not have financial liabilities.

### (i) Interest rate risk

The Company does not have any significant exposure to interest rate risk as the Company has no interest-bearing borrowings.

### (ii) Foreign currency risk

The Company's exposure to foreign currency risk is minimal.

### (iii) Credit risk

The Company's major receivables are donation receivables. The governors of the Company are confident that there is no recoverability problem.

### (iv) Fair value

The fair value of the Company's financial assets are not materially different from their carrying amounts because of the immediate or short term maturity.