



HONG KONG GUIDE DOGS ASSOCIATION LIMITED
香港導盲犬協會有限公司

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

For the year ended 31 December 2013



ENSON CPA LTD
安信會計師事務所有限公司

HONG KONG GUIDE DOGS ASSOCIATION LIMITED

香港導盲犬協會有限公司

DIRECTORS' REPORT

For the year ended 31 December 2013

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2013.

Principal activities

The principal activities of the company during the year are set out in note 1 to the financial statements.

Results and appropriations

The results and state of affairs of the company for the year are set out in the financial statements on pages 3 to 11.

Directors

The directors in office during the year and at the date of this report were:

WONG, Sai Hung David

FONG, Tin Tai Ben

LI, Ka Sum Amy

TSANG, Kin Ping

CHI, Tan Ning Fianna

CHONG, Chan Yau

CHAU, Man Ki Mabel

NG, Wing Yin Winnie

In accordance with article 31 of the company's Articles of Association, the term of office shall be two years and a director who retires shall be eligible for re-election.

Directors' interests in contracts

Save as disclosed in notes 6 and 11 to the financial statements, no contracts of significance to which the company was a party and in which directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

No substantial contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

Auditors

The financial statements have been audited by Enson CPA Limited, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the board



Chairman
Hong Kong,

11 JUL 2014



Certified Public Accountants

ENSON CPA LTD
安信會計師事務所有限公司

Suite 202, Dawning House,
145 Connaught Road Central, Hong Kong
香港干諾道中 145 號多寧大廈 202 室

Tel (852) 2390 3287
Fax (852) 2715 2220

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
HONG KONG GUIDE DOGS ASSOCIATION LIMITED 香港導盲犬協會有限公司**
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Hong Kong Guide Dogs Association Limited set out on pages 3 to 11, which comprise the balance sheet as at 31 December 2013, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors 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 directors 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. This report is made solely to you, as a body, in accordance with section 141 of the predecessor Hong Kong Companies Ordinance (Cap.32), 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 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 judgement, 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 entity's preparation of financial statements 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 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 company's affairs as at 31 December 2013 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.

Enson CPA Limited
Certified Public Accountants
Hong Kong, 11 JUL 2014

Daniel Chun-Chiu Ng
Practising Certificate number P03796

HONG KONG GUIDE DOGS ASSOCIATION LIMITED
香港導盲犬協會有限公司

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	2013 HK\$	2012 HK\$
Income			
Donations income		3,186,059	193,473
Membership fees income		800	800
Government grants		-	21,100
Charity sales receipts		8,363	4,570
Seminar fees income		4,400	-
Bank interest income		24	2
		<u>3,199,646</u>	<u>219,945</u>
Expenditure			
Administrative service expenses	6	51,596	140,000
Advertising		-	10,290
Auditors' remuneration		10,000	7,000
Bank charges		1,354	1,500
Dog care expenses		80,980	8,920
Event expenses		245,023	15,227
Insurance		4,506	-
Logo registration		-	1,950
Printing and stationery		45,726	863
Recruitment expenses		2,100	550
Salaries and allowances		260,744	-
Secretarial expenses		2,305	693
Seminar and training		5,474	29,977
Staff quarters expenses		77,176	-
Subscriptions		1,050	-
Sundry expenses		4,302	1,311
Travelling and transportation - local		83,307	-
Travelling and transportation - overseas		55,373	1,952
Volunteer expenses		96,000	6,000
Web site expenses		4,843	1,206
		<u>1,031,859</u>	<u>227,439</u>
Surplus / (deficit) for the year		<u>2,167,787</u>	<u>(7,494)</u>
Total comprehensive income / (deficit) for the year		<u>2,167,787</u>	<u>(7,494)</u>

The accompanying notes formed an integral part of these financial statements.

HONG KONG GUIDE DOGS ASSOCIATION LIMITED
香港導盲犬協會有限公司

BALANCE SHEET
At 31 December 2013

	Note	2013 HK\$	2012 HK\$
Current assets			
Deposits paid		60,401	-
Cash and bank balances		<u>2,362,424</u>	<u>79,775</u>
		<u>2,422,825</u>	<u>79,775</u>
Current liabilities			
Accrued expenses and other payables		190,239	14,952
Amount due to directors	9	<u>9,630</u>	<u>9,654</u>
		<u>199,869</u>	<u>24,606</u>
Net current assets and net assets		<u>2,222,956</u>	<u>55,169</u>
Equity			
General fund		850,175	55,169
Designated fund	10	<u>1,372,781</u>	<u>-</u>
		<u>2,222,956</u>	<u>55,169</u>

Approved and authorized for issue by the Board of Directors on **11 JUL 2014**



 Director



 Director

The accompanying notes formed an integral part of these financial statements.

HONG KONG GUIDE DOGS ASSOCIATION LIMITED
香港導盲犬協會有限公司

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	General fund HK\$	Designated fund HK\$	Total HK\$
At 1.1.2012	62,663	-	62,663
Transfer from / (to) statement of comprehensive income	<u>(7,494)</u>	<u>-</u>	<u>(7,494)</u>
At 31.12.2012	55,169	-	55,169
Transfer from / (to) statement of comprehensive income	<u>795,006</u>	<u>1,372,781</u>	<u>2,167,787</u>
At 31.12.2013	<u><u>850,175</u></u>	<u><u>1,372,781</u></u>	<u><u>2,222,956</u></u>

The accompanying notes formed an integral part of these financial statements.

HONG KONG GUIDE DOGS ASSOCIATION LIMITED
香港導盲犬協會有限公司

STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	Note	2013 HK\$	2012 HK\$
Cash flows from operating activities			
Surplus / (deficit) for the year		2,167,787	(7,494)
- Adjustments		-	-
Cash inflows / (outflows) before working capital changes		2,167,787	(7,494)
Decrease / (increase) in deposits paid		(60,401)	-
Increase / (decrease) in accrued expenses and other payables		175,287	(28,210)
Increase / (decrease) in amount due to directors		(24)	4,253
<i>Net cash from / (to) operating activities</i>		<u>2,282,649</u>	<u>(31,451)</u>
Cash flows from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities		<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		2,282,649	(31,451)
Cash and cash equivalents at the beginning of the year		<u>79,775</u>	<u>111,226</u>
Cash and cash equivalents at the end of the year		<u><u>2,362,424</u></u>	<u><u>79,775</u></u>
Analysis of balances of cash and cash equivalents			
Cash and bank balances		<u><u>2,362,424</u></u>	<u><u>79,775</u></u>

The accompanying notes formed an integral part of these financial statements.

HONG KONG GUIDE DOGS ASSOCIATION LIMITED
香港導盲犬協會有限公司

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. Reporting Entity

Hong Kong Guide Dogs Association Limited is a limited liabilities company incorporated in Hong Kong which does not have a share capital and its liabilities are limited by guarantee, such that under the provision of the memorandum of association, every member shall, in the event of the company being wound up, contribute such amount as required to meet the liabilities of the company, but not exceeding HK\$1. The registered office of the company is currently located at Room 301, Level 3, Block B, Cyberport 4, 100 Cyberport Road, Cyberport, Hong Kong.

The principal activities of the company are to provide (1) well trained guide dogs to visually impaired persons in Hong Kong, (2) guide dogs mobility training to visually impaired persons and (2) other related activities.

2. Statement of compliance with Hong Kong Financial Reporting Standards

The company's financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, that include Hong Kong Financial Reporting Standards (HKFRSs) and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 3.

3. Summary of significant accounting policies

(a) Basis of preparation of the financial statements

The measurement basis used in preparing the financial statements is historical cost.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts and volume rebates allowed by the company. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the company and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognized as follows:

- (i) Donations are recognized as income on received,
- (ii) Non-refundable membership fees income are recognized as income on received,
- (iii) Government grants are recognised as income on received,
- (iv) Charity sales are recognised as income on received,
- (v) Seminar fees income are recognised as income on received, and
- (vi) Bank interest income is recognized on an accrual basis.

(c) Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. Summary of significant accounting policies (continued)

(d) Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortized cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

- (i) Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
- (ii) Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

At each balance sheet date, the company assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on trade and other receivables are recognised in income and expenditure when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition.

(e) 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.

For the purpose of the statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the company's cash management are included as a component of cash and cash equivalents.

(f) Trade and other payables

Trade and other payables are initially measured at fair value and, after initial recognition, at amortized cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

(g) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(h) Operating leases

Leases where substantially all the rewards and risks of assets remain with the leasing company are accounted for as operating leases. Rental in respect of operating leases are charged to the statement of comprehensive income as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

4. **Critical accounting estimates and judgment**

The preparation of financial statements in conformity with HKFRSs requires management to make estimates, judgments and associated assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates, judgments and associated assumptions are continuously evaluated and based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

At the reporting date of these financial statements, there were no critical estimates, judgments and associated assumptions with uncertainty that may have a significant risk of material adjustments to the carrying amounts of assets and liabilities within the next financial year.

5. **Financial risk management objectives and policies**

The company's principal financial instruments include cash and bank balances, receivables and payables which are arisen from and maintained for its operations.

According to directors, there are no significant risk areas arising from the company's financial instruments at this stage of the company's operation.

6. **Administrative service expenses**

The amount HK\$51,596 (2012: HK\$140,000) was being reimbursement to the Department of Ophthalmology of the University of Hong Kong for providing a staff to provide marketing and administrative support to the company during the year.

Please note that a director of the company is a professor of the Department of Ophthalmology of the University of Hong Kong.

7. **Directors' remuneration**

Directors' remuneration disclosed pursuant to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32) is as follows:

	2013 HK\$	2012 HK\$
Fees	-	-
Other emoluments	-	-

8. **Income tax expenses**

Since its incorporation, the company has been exempted from any tax in Hong Kong under section 88 of Inland Revenue Ordinance in view of its public and charitable character since 27 June 2011.

9. **Amount due to directors**

Amount due is unsecured, interest free and has no fixed term of repayment.

HONG KONG GUIDE DOGS ASSOCIATION LIMITED
香港導盲犬協會有限公司

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

10. Designated fund

The designated fund being the donations received from an independent donor designated to be used solely for the purpose of funding the "Guide Dogs Service Establishment Project" in the manner as specified by the donor and the company.

	2013 HK\$	2012 HK\$
At the beginning of the year	-	-
<u>Transfer from / (to) statement of comprehensive income: -</u>		
Donations income	1,769,294	-
Dog care expenses	(67,309)	-
Salaries and allowances	(194,696)	-
Seminar and training	(2,474)	-
Staff quarters expenses	(76,661)	-
Travelling and transportation - overseas	(55,373)	-
	<u>1,372,781</u>	<u>-</u>
At the end of the year	<u>1,372,781</u>	<u>-</u>

11. Related party transactions

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the company had the following transactions with related parties:

<u>Nature of transactions</u>	<u>Related parties</u>	HK\$	HK\$
Membership fees income	Directors	<u>800</u>	<u>800</u>

12. Commitments under operating leases

At the balance sheet date, the company had future aggregate minimum lease payments under non-cancellable operating leases in respect of rented premises as follows:

	HK\$	HK\$
Within one year	192,000	-
In the second to fifth year inclusive	136,000	-
	<u>328,000</u>	<u>-</u>

HONG KONG GUIDE DOGS ASSOCIATION LIMITED
香港導盲犬協會有限公司

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

13. Hong Kong Financial Reporting Standards issued but not yet effective for the year

HKFRSs that have been issued but are not yet effective for the year include the following HKFRSs which may be relevant to the company's operations and financial statements:

	Effective for annual periods beginning on or after
Amendments to <i>HKAS 36 Impairment of Assets - Recoverable Amount</i>	1 January 2014
<i>Disclosures for Non-Financial Assets</i>	
Annual Improvements to HKFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to HKFRSs 2011-2013 Cycle	1 July 2014

The company has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the company's financial statements in the year of initial application. The company will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.