

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 2014



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 2014

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2014.

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

LI, Ka Sum Amy

TSANG, Kin Ping

CHI, Tan Ning Fianna

CHONG, Chan Yau

CHAU, Man Ki Mabel

NG, Wing Yin Winnie

(resigned on 29 July 2014)

FONG, Tin Tai Ben

(resigned on 16 October 2014)

CHEUNG, Hin Man

(appointed on 11 July 2014)

BARNES, John Andrew

(appointed on 16 October 2014)

LI, Kai Wang Kenneth

(appointed on 5 May 2015)

LAM, Wai Pong

(appointed on 5 May 2015)

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

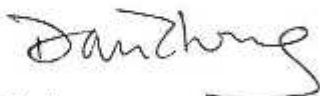
Save as disclosed in notes 7 and 12 to the financial statements, no contracts of significance to which the company was a party and in which directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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,
23 MAY 2015

**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 2014, 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 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap.622), 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 2014 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, 23 MAY 2015

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 2014

	Note	2014 HK\$	2013 HK\$
Income			
Donations income	6	3,305,899	3,186,059
Sales and other fees income		235,170	12,763
Government grants		41,260	-
Membership fees income		900	800
Bank interest income		41	24
		<u>3,583,270</u>	<u>3,199,646</u>
Expenditure			
Administrative service expenses	7	-	51,596
Auditors' remuneration		12,000	10,000
Bank charges		2,454	1,354
Courier and postage		2,544	-
Dog care expenses		144,067	80,980
Donation paid		500	-
Electricity and water		2,376	-
Event expenses		192,950	245,023
Insurance		20,617	4,506
MPF employer contributions		34,780	6,780
Printing and stationery		11,739	45,726
Purchases for mini store		201,153	-
Recruitment expenses		-	2,100
Rental expenses - office		36,000	-
Rental expenses - staff quarters		192,000	77,176
Salaries and other allowances		1,123,792	253,964
Secretarial expenses		2,305	2,305
Seminar and training - local		3,350	5,474
Seminar and training - overseas		882,173	-
Subscriptions and memberships		5,210	1,050
Sundry expenses		6,514	4,302
Telecommunication		2,591	-
Travelling and transportation - local		73,402	83,307
Travelling and transportation - overseas		145,016	55,373
Volunteer expenses		16,000	96,000
Web site expenses		8,000	4,843
		<u>3,121,533</u>	<u>1,031,859</u>
Surplus for the year		<u>461,737</u>	<u>2,167,787</u>
Total comprehensive income for the year		<u>461,737</u>	<u>2,167,787</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

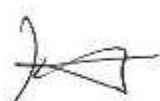
BALANCE SHEET

At 31 December 2014

	Note	2014 HK\$	2013 HK\$
Current assets			
Prepayment and deposits paid		56,150	60,401
Cash and bank balances		<u>2,685,778</u>	<u>2,362,424</u>
		<u>2,741,928</u>	<u>2,422,825</u>
Current liabilities			
Bank overdraft		17,333	-
Accrued expenses and other payables		39,902	190,239
Amount due to directors	10	<u>-</u>	<u>9,630</u>
		<u>57,235</u>	<u>199,869</u>
Net current assets and net assets		<u>2,684,693</u>	<u>2,222,956</u>
Equity			
General fund		1,174,572	850,175
Designated fund	11	<u>1,510,121</u>	<u>1,372,781</u>
		<u>2,684,693</u>	<u>2,222,956</u>

Approved and authorized for issue by the Board of Directors on **23 MAY 2015**


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 2014

	General fund HK\$	Designated fund HK\$	Total HK\$
At 1.1.2013	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	850,175	1,372,781	2,222,956
Transfer from / (to) statement of comprehensive income	<u>324,397</u>	<u>137,340</u>	<u>461,737</u>
At 31.12.2014	<u><u>1,174,572</u></u>	<u><u>1,510,121</u></u>	<u><u>2,684,693</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 2014

	Note	2014 HK\$	2013 HK\$
Cash flows from operating activities			
Surplus for the year		461,737	2,167,787
- Adjustments		-	-
Cash inflows / (outflows) before working capital changes		461,737	2,167,787
Decrease / (increase) in prepayment and deposits paid		4,251	(60,401)
Increase / (decrease) in accrued expenses and other payables		(150,337)	175,287
Increase / (decrease) in amount due to directors		(9,630)	(24)
<i>Net cash from / (used in) operating activities</i>		<u>306,021</u>	<u>2,282,649</u>
Cash flows from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Increase / (decrease) bank overdraft		17,333	-
<i>Net cash from / (used in) financing activities</i>		<u>17,333</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		323,354	2,282,649
Cash and cash equivalents at the beginning of the year		<u>2,362,424</u>	<u>79,775</u>
Cash and cash equivalents at the end of the year		<u><u>2,685,778</u></u>	<u><u>2,362,424</u></u>
Analysis of balances of cash and cash equivalents			
Cash and bank balances		<u><u>2,685,778</u></u>	<u><u>2,362,424</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 2014

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 1146F, 11/F, Block F, Wah Lok Industrial Centre, 31-35 Shan Mei Street, Fotan, New Territories, 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 (3) other related activities.

2. Statement of compliance with Hong Kong Financial Reporting Standards

These financial statements have been prepared in accordance with all applicable 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 accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that 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) Sales and other fees income are recognised as income on received,
- (iii) Government grants are recognised as income on received,
- (iv) Non-refundable membership fees income are recognized as income on received, and
- (v) Bank interest income is recognized on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Summary of significant accounting policies (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Summary of significant accounting policies (continued)

(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.

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. Donations income

During the year, in support of specified projects, Lee Hysan Foundation made a donation of HK\$1,744,494 (2013: HK\$1,769,294) and The Link Properties Limited a donation of HK\$385,534 (2013: HK\$Nil) to the company.

7. Administrative service expenses

The amount HK\$51,596 in 2013 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 that year.

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

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 2014

8. Directors' remuneration

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

	2014 HK\$	2013 HK\$
Fees	-	-
Other emoluments	-	-

9. Income tax expenses

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.

10. Amount due to directors

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

11. Designated fund

The designated fund being the donations received from independent donors designated to be used for the purpose of funding the specified projects in the manner as specified by the donors and the company.

	2014 HK\$	2013 HK\$
At the beginning of the year	1,372,781	-
Transfer from / (to) statement of comprehensive income: -		
Donations income	2,130,028	1,769,294
Bank charge	(1,040)	-
Courier and postage	(77)	-
Dog care expenses	(116,436)	(67,309)
Event expenses	(3,520)	-
Insurance	(10,087)	-
MPF employer contributions	(17,844)	(3,313)
Printing and stationery	(55)	-
Rental expenses - staff quarters	(160,000)	(76,661)
Salaries and other allowances	(714,349)	(191,383)
Seminar and training - overseas	(882,173)	(2,474)
Telecommunication	(1,554)	-
Travelling and transportation - local	(7,067)	-
Travelling and transportation - overseas	(78,486)	(55,373)
	<u>137,340</u>	<u>1,372,781</u>
At the end of the year	<u>1,510,121</u>	<u>1,372,781</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 2014

12. 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	900	800

13. 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	260,000	192,000
In the second to fifth year inclusive	81,000	136,000
	<u>341,000</u>	<u>328,000</u>

14. 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
Annual Improvements to HKFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to HKFRSs 2011-2013 Cycle	1 July 2014
Amendments to HKAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions	1 July 2014
HKFRS 9 Financial instruments	1 January 2015
Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016

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.