

East Asia Sentinel Limited

衛亞會計師事務所有限公司

Certified Public Accountants

FRIENDS OF HOPE EDUCATION FUND LIMITED

REPORT OF THE DIRECTORS
AND
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

B K R
INTERNATIONAL

An independent member of BKR International,
with offices throughout the World

Our *passion* is creating value for our clients

FRIENDS OF HOPE EDUCATION FUND LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENTS	PAGE
REPORT OF THE DIRECTORS	1 - 2
INDEPENDENT AUDITORS' REPORT	3 - 4
STATEMENT OF COMPREHENSIVE INCOME	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN FUNDS	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 13

FRIENDS OF HOPE EDUCATION FUND LIMITED REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited financial statements of Friends of Hope Education Fund Limited (“the Company”) for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to organise fund raising activities and to apply the funds in selective charitable functions.

The Company is registered as a company limited by guarantee. The Company is recognised as a charity by Inland Revenue Department.

FINANCIAL RESULTS

The results for the year are set out in the statement of comprehensive income on page 5.

The state of the Company’s affairs at 31 December 2013 is set out in the statement of financial position on page 6.

DONATIONS

Donations made by the Company during the year amounted to HK\$1,810,190 (2012: HK\$1,598,403).

DIRECTORS

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

Mr. Chu King Yuen
Ms. Lam Wai-Man, Gillian
Mr. Fung Siu Yuen
Mr. Tang How Kong
Dr. Kwok Shiu Ming
Dr. Chen Zhi Wei
Mr. Wong Sui Wah, Michael (Deceased on 19 January 2014)
Mr. Lau Yip Shing
Mr. Au Wing Man, Johnny
Mr. Lau Paul
Ms. Fung Lai Shan (Appointed on 28 September 2013)

In accordance with the Company’s Articles of Association, all directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

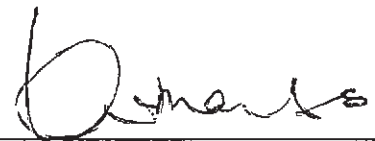
MANAGEMENT CONTRACTS

No contract 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.

HONORARY AUDITORS

The auditors, East Asia Sentinel Limited, a corporation of Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

By order of the Board



Director

Hong Kong

Date: 05 SEP 2014



East Asia Sentinel Limited
衛亞會計師事務所有限公司
Certified Public Accountants

22/F, 'Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong

Tel : +852 2521 2328
Fax : +852 2525 9890
Email : letters@EastAsiaSentinel.com
www.EastAsiaSentinel.com

Ref : 111402

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
FRIENDS OF HOPE EDUCATION FUND LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)**

We have audited the financial statements of Friends of Hope Education Fund Limited ("the Company") set out on pages 5 to 13, which comprise the statement of financial position as at 31 December 2013 and the statement of comprehensive income, the statement of changes in equity and the 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.

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 liabilities 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 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 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
FRIENDS OF HOPE EDUCATION FUND LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)**

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 2013 and of its loss 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.

East Asia Sentinel Limited



Yim Wing Yee
Director
Practising Certificate No. P05906

Hong Kong
Date : 05 SEP 2014

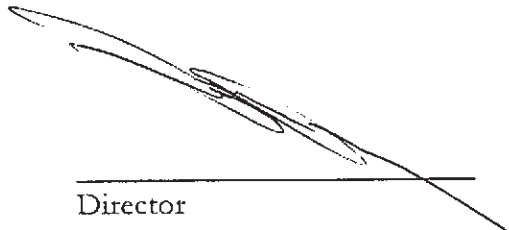
FRIENDS OF HOPE EDUCATION FUND LIMITED
(COMPANY LIMITED BY GUARANTEE)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTE	2013 HK\$	2012 HK\$
DONATION INCOME	4	1,256,950	3,399,530
BANK INTEREST RECEIVED	4	7,178	7,576
EXCHANGE GAIN		<u>78,963</u>	<u>16,874</u>
TOTAL REVENUES		1,343,091	3,423,980
DONATIONS MADE		(1,810,190)	(1,598,403)
GENERAL AND ADMINISTRATIVE EXPENSES	5	<u>(32,226)</u>	<u>(444,295)</u>
(DEFICIT)/SURPLUS AND TRANSFERRED TO RESERVE FUNDS FOR THE YEAR		<u>(499,325)</u>	<u>1,381,282</u>

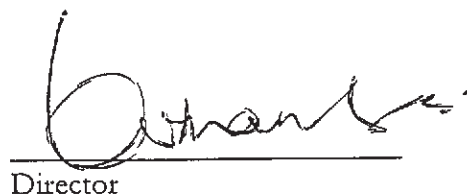
The notes on pages 9 to 13 form an integral part of these financial statements.

FRIENDS OF HOPE EDUCATION FUND LIMITED
 (COMPANY LIMITED BY GUARANTEE)
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2013

	NOTE	2013 HK\$	2012 HK\$
CURRENT ASSET			
Cash and cash equivalents	8	<u>4,141,371</u>	<u>4,640,696</u>
NET ASSET		<u>4,141,371</u>	<u>4,640,696</u>
FUNDS			
Reserve funds		<u>4,141,371</u>	<u>4,640,696</u>



 Director



 Director

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

FRIENDS OF HOPE EDUCATION FUND LIMITED
(COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Reserve funds HK\$
YEAR ENDED 31 DECEMBER 2012	
At 1 January 2012	3,259,414
Surplus for the year	<u>1,381,282</u>
At 31 December 2012	<u><u>4,640,696</u></u>
YEAR ENDED 31 DECEMBER 2013	
At 1 January 2013	4,640,696
Deficit for the year	<u>(499,325)</u>
At 31 December 2013	<u><u>4,141,371</u></u>

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

FRIENDS OF HOPE EDUCATION FUND LIMITED
(COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 HK\$	2012 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES (Deficit)/Surplus for the year	(499,325)	1,381,282
Adjustment for:		
Interest income	<u>(7,178)</u>	<u>(7,576)</u>
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(506,503)	1,373,706
CASH FLOW FROM INVESTING ACTIVITY		
Interest received	<u>7,178</u>	<u>7,576</u>
NET CASH GENERATED FROM INVESTING ACTIVITY	<u>7,178</u>	<u>7,576</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(499,325)	1,381,282
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>4,640,696</u>	<u>3,259,414</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>4,141,371</u>	<u>4,640,696</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>4,141,371</u>	<u>4,640,696</u>

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

FRIENDS OF HOPE EDUCATION FUND LIMITED
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. GENERAL INFORMATION

Friends of Hope Education Fund Limited (“the Company”) is incorporated in Hong Kong under the Hong Kong Companies Ordinance and is limited by guarantee. The address of its registered office is 22nd Floor, Tai Yau Building, 181 Johnston Road, Wan Chai, Hong Kong.

The principal activities of the Company are to organise fund raising activities and to apply the funds in selective charitable functions.

Under the provision of the Company’s Memorandum and Articles of Association, every member shall in the event of the Company being wound up, contribute to the assets of the Company to the extent of HK\$100. As at 31 December 2013, the Company had 82 members (2012: 82 members).

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations (“Ints”) 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. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Hong Kong dollars, unless otherwise stated.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. However, there was no area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

- (a) Revised standards and amendments to standards relevant to and adopted by the Company

The Company has applied HKAS 1 (Amendments) “Presentation of financial statements” issued by the HKICPA, which is effective for the Company’s financial year beginning 1 January 2013. The HKAS 1 (Amendments) requires additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss; and (ii) items that may be reclassified subsequently to profit or loss. The amendments have been applied retrospectively. The adoption of HKAS 1 (Amendments) has no significant impact on the Company’s results and financial position.

FRIENDS OF HOPE EDUCATION FUND LIMITED
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

2. BASIS OF PREPARATION (continued)

- (b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

Certain new standards, amendments and interpretations to existing standards (collectively, the "Amendments") have been published that are mandatory for accounting financial periods beginning on or after 1 January 2014. Some of the Amendments are relevant and applicable to the Company; however, they have not been early adopted in these financial statements. The Company has commenced, but not yet completed, an assessment of the impact of the applicable Amendments on its results of operations and financial positions. The directors are of the view that the impact on the financial statements would not be significant other than certain additional disclosures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

- (a) Fund accounting

The policies of fund accounting are applied whereby all donation receipts are recorded only when received and all expenditures, whether of a capital nature or otherwise, are expensed in the year in which they are incurred.

- (b) Foreign currency translation

- (i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

- (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**FRIENDS OF HOPE EDUCATION FUND LIMITED
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are separate shown in current liabilities on the statement of financial position.

(d) Revenue recognition

Donation income is recognised when the donation has been received.

Interest income is recognised on a time proportion basis using the effective interest method.

4. REVENUES

The Company is engaged in organising fund raising activities and applying the funds in selective charitable functions. Revenues recognised during the year are as follows:-

	2013 HK\$	2012 HK\$
Donation income	1,256,950	3,399,530
Bank interest received	<u>7,178</u>	<u>7,576</u>
Total income	<u><u>1,264,128</u></u>	<u><u>3,407,106</u></u>

5. GENERAL AND ADMINISTRATIVE EXPENSES

	2013 HK\$	2012 HK\$
Bank charges	3,795	6,133
Camp paid	22,670	424,646
Entertainment	2,230	4,212
Postage	319	616
Printing and stationery	1,150	8,688
Sundry	<u>2,062</u>	<u>-</u>
	<u><u>32,226</u></u>	<u><u>444,295</u></u>

**FRIENDS OF HOPE EDUCATION FUND LIMITED
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

6. TAXATION

No provision for taxation has been made in these financial statements as the Company is exempted by virtue of Section 88 of the Hong Kong Inland Revenue Ordinance (2012: Nil).

7. DIRECTORS' REMUNERATION

None of the directors received or will receive any fees or emoluments in respect of their services to the Company during the year (2012: Nil).

8. CASH AND CASH EQUIVALENTS

	2013 HK\$	2012 HK\$
Cash at banks	<u>4,141,371</u>	<u>4,640,696</u>

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2013 HK\$	2012 HK\$
Hong Kong dollars	2,429,998	1,583,438
Renminbi	<u>1,711,373</u>	<u>3,057,258</u>
	<u>4,141,371</u>	<u>4,640,696</u>

9. FINANCIAL RISKS MANAGERMENTS

The Company's activities expose it to a variety of financial risks: credit risk, foreign exchange risk, cash flow and fair value interest rate risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The management monitors and manages the financial risks through internal risk assessment which analyses exposures by degree and magnitude of risks.

(a) Credit risk

The Company's credit risk is primarily attributable to cash at bank.

The credit risk on liquid funds in a bank is limited because the counterparty is a reputable and creditworthy bank.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the end of reporting period.

FRIENDS OF HOPE EDUCATION FUND LIMITED
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

9. FINANCIAL RISKS MANAGERMENTS (continued)

(b) Foreign exchange risk

Foreign exchange risk arises when commercial transactions, assets or liabilities are denominated in a currency that is not the functional currency of the Company. The Company operates mainly in Hong Kong and the People's Republic of China and is exposed to foreign currency exchange rate risk arising from various foreign currency exposures, primarily with respect to Renminbi.

At 31 December 2013, if Renminbi had strengthen/weaken by 5% against the Hong Kong dollars with all other variables held constant, post-tax profit for the year would have been HK\$71,450 (2012: HK\$127,641) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Renminbi-denominated net assets, representing cash and cash equivalents.

(c) Cash flow and fair value interest rate risks

Other than bank balances which carry interest at effective interest rate, the Company has no other significant interest-bearing assets and liabilities. Due to the insignificance of bank interest income and expense, the Company's income, expenses and operating cash flows are substantially independent of changes in market interest rates. The directors are of the opinion that the Company does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed.

10. FUND RISK MANAGEMENT

The Company's objectives when managing funds are to safeguard and manage the Company's ability to continue as a going concern and to have sufficient funding for future operations. The Company's overall strategy remains unchanged from prior year.

The funds of the Company comprise its reserve funds.

11. FINANCIAL INSTRUMENTS BY CATEGORIES

	2013	2012
	HK\$	HK\$
<u>Loan and receivables financial assets</u>		
Cash and bank balances	<u>4,141,371</u>	<u>4,640,696</u>

12. APPROVAL OF FINANCIAL STATEMENTS

The financial statements are approved and authorised for issue by the Board of Directors on
05 SEP 2014

FRIENDS OF HOPE EDUCATION FUND LIMITED
 (COMPANY LIMITED BY GUARANTEE)
 DETAILED INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31 DECEMBER 2013

(FOR MANAGEMENT PURPOSES ONLY)

	2013	2012
	HK\$	HK\$
INCOME		
Donation Received	1,256,950	3,399,530
Interest income	<u>7,178</u>	<u>7,576</u>
	1,264,128	3,407,106
<hr style="border-top: 1px dashed black;"/>		
Exchange gain	78,963	16,874
<hr style="border-top: 1px dashed black;"/>		
LESS : EXPENSES		
Donation Paid	1,810,190	1,598,403
Bank charges	3,795	6,133
Camp paid	22,670	424,646
Entertainment	2,230	4,212
Postage	319	616
Printing and stationery	1,150	8,688
Sundry expenses	<u>2,062</u>	<u>-</u>
	1,842,416	2,042,698
<hr style="border-top: 1px dashed black;"/>		
(DEFICIT)/SURPLUS FOR THE YEAR	<u><u>(499,325)</u></u>	<u><u>1,381,282</u></u>

FRIENDS OF HOPE EDUCATION FUND LIMITED
ANALYSIS OF ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Donations Made

	2013 HK\$	2012 HK\$
維修湘店中學教學樓之用途	-	5,000
保良局陳維金周夫人紀念小學	-	85,050
支援少數族裔學習中文計劃捐款	-	111,248
扶助惠州市龍門縣龍門中學特困生完成高中的費用	47,250	49,875
捐助維修及完善鳳凰小學及購置電腦	32,500	33,589
捐助維修及完善新巴中學校園設施	-	11,925
捐助維修及完善銅寶小學校園設施	-	8,831
捐助維修及完善巫仰小學及購置電腦	62,500	64,135
重建貴州省遵義市習水縣習洒嶺官寨小學的相關費用	-	125,000
扶助湖北省愛滋病孤兒完成中及大學學業的相關費用	331,250	572,500
捐助安徽省金寨縣响山寺小學購置電腦	31,250	31,250
修建貴州馬場鄉野寨小學及院子村院小學之用途	125,000	-
亞洲農業研究發展基金	-	500,000
香港教育學院育才基金	150,000	-
捐助湖北省武漢市武漢大學中南醫院辦因病至貧家庭	237,500	-
平等機會教育慈善基金	230,440	-
扶助雲南省愛滋病孤兒完成高中及大學學業的相關費用	500,000	-
扶助廣東技術師範學院家境清貧學生完成一年課程 所需的學費	62,500	-
	<u>1,810,190</u>	<u>1,598,403</u>