

香港皮膚醫學慈善基金會有限公司
HONG KONG DERMATOLOGY FOUNDATION LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM

JUNE 1, 2015

TO

JUNE 30, 2016

WONGS & TAM
CERTIFIED PUBLIC ACCOUNTANTS

王談黃
會計師樓

香港皮膚醫學慈善基金會有限公司

HONG KONG DERMATOLOGY FOUNDATION LIMITED

(Incorporated in Hong Kong on June 1, 2015 under the Companies Ordinance)

DIRECTORS' REPORT TO THE MEMBERS

The directors present their report together with the audited financial statements for the period from June 1, 2015 (date of incorporation) to June 30, 2016.

FINANCIAL HIGHLIGHTS

The results for the period ended June 30, 2016 and the state of affairs of the Foundation as at the end thereof are set out in the financial statements.

The directors are not aware of any fact or circumstance emerging since the financial period end date that would make the audited financial statements materially incorrect or misleading.

PRINCIPAL ACTIVITIES

The Foundation was engaged in promoting the education, scientific research and prevention of dermal disease during the period. The major activities included but not limited to the followings : 2015 symposium, free clinic service for low income patients, training courses for nurses and social workers, screening service for Down's Association, public talk for elderly in Kowloon City Baptist.

FIXED ASSETS

A summary narration of the fixed assets is shown as non-current assets in the notes to the financial statements.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the Foundation was entered into or existed during the financial period.

DIRECTORS

During the financial period the directors were :-

Cheng Man Yim	(Appointed on June 1, 2015)
Leung Man Fuk Edward	(Appointed on June 1, 2015)
Fung Shing Cheung	(Appointed on June 1, 2015)
Luk Nai Ming	(Appointed on June 1, 2015)

In accordance with Clause 58 of the Articles of Association, all directors shall retire from office every two years and shall be eligible for re-election.

INTEREST IN CONTRACT

No contract of significance to which the Foundation was a party and in which a member of the board of directors had a material interest subsisted at the end of the financial period or at any time during the financial period.

AUDITORS

The retiring auditors, Messrs Wongs & Tam, Certified Public Accountants, have expressed their willingness to continue in office. A resolution to reappoint them as auditors of the Association will be put to the annual general meeting.

APPROVAL OF THIS DIRECTORS' REPORT

On the date as stated hereunder, this Directors' Report is approved by the board of directors.

On behalf of the Board
HONG KONG DERMATOLOGY
FOUNDATION LIMITED


LUK NAI MING

Chairman

Hong Kong, 18 NOV 2016

香港皮膚醫學慈善基金會有限公司

HONG KONG DERMATOLOGY FOUNDATION LIMITED

(Incorporated in Hong Kong on June 1, 2015 under the Companies Ordinance)

STATEMENT OF FINANCIAL POSITION

at June 30, 2016

(Expressed in Hong Kong Dollars)

NON-CURRENT ASSETS (Notes 3 & 5)

Medical Equipment	\$ 85,701
Office Equipment	27,969
Furniture and Fixture	66,281
	<hr/>
	\$ 179,951

CURRENT ASSETS

Deposit	\$ 60,443
Bank Balances	831,775
	<hr/>
	\$ 892,218

CURRENT LIABILITIES

Accrued Charges	\$ 4,811
	<hr/>

NET CURRENT ASSETS	\$ 887,407
	<hr/>
	\$ 1,067,358
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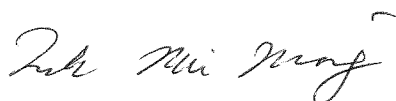
Representing

OPERATING FUND

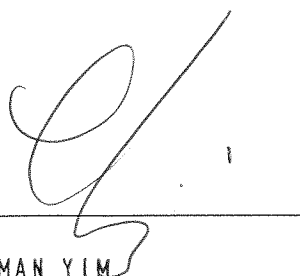
- Surplus for the period	\$ 1,067,358
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The annexed notes form an integral part of these financial statements.

These financial statements were approved by the directors on 18 NOV 2016
and signed on behalf of the Board by :



Director
LUK NAI MING



Director
CHENG MAN YIM

香港皮膚醫學慈善基金會有限公司
HONG KONG DERMATOLOGY FOUNDATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the period from June 1, 2015 to June 30, 2016

(Expressed in Hong Kong Dollars)

INCOME

Symposium Admission Fee	\$ 33,550
Donation Received	1,378,870
Membership Fee	30,500
Bank Interest	2
	<hr/>
	\$ 1,442,922

EXPENSES

Audit Fee	\$ 4,500
Bank Charges	1,157
Business Registration Fee	2,500
Cleaning	8,800
Communication	3,547
Consumables and Tools	36,806
Delivery and Transportation	1,555
Depreciation	44,987
Drugs and Medicine	13,985
Electricity and Water	1,517
Estate Agent Commission	8,000
Formation Fee	16,525
Insurance	8,300
Legal and Professional Fee	35,500
Meeting and Conference	37,190
Rent, Rates and Management Fee	142,487
Stationery	6,724
Sundry	1,484
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	\$ 375,564

SURPLUS FOR THE PERIOD	<hr/> <hr/> <u>\$ 1,067,358</u>
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The annexed notes form an integral part of these financial statements.

香港皮膚醫學慈善基金會有限公司
HONG KONG DERMATOLOGY FOUNDATION LIMITED

STATEMENT OF CASH FLOWS
for the period ended June 30, 2016

(Expressed in Hong Kong Dollars)

CASH FLOWS IN OPERATING ACTIVITIES

Surplus for the period	\$ 1,067,358
Depreciation	44,987
Interest Received	(2)
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Operating Surplus before Working Capital Changes	\$ 1,112,343
(Increase) Decrease in Deposit	(60,443)
Increase (Decrease) in Accrued Charges	4,811
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NET CASH FROM (USED IN) OPERATING ACTIVITIES	\$ 1,056,711
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CASH FLOWS IN INVESTING ACTIVITIES

Payment to acquire Fixed Assets	\$ (224,938)
Interest Received	2
	<hr/>
NET CASH FROM (USED IN) INVESTING ACTIVITIES	\$ (224,936)
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CASH FLOWS IN FINANCING ACTIVITIES

	\$ -
	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 831,775
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CASH AND CASH EQUIVALENTS

- at beginning of the period	-
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- at end of the period	\$ 831,775
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The annexed notes form an integral part of these financial statements.

香港皮膚醫學慈善基金會有限公司
HONG KONG DERMATOLOGY FOUNDATION LIMITED

STATEMENT OF CHANGES IN MEMBERS' FUNDS
for the period ended June 30, 2016

(Expressed in Hong Kong Dollars)

	Operating Fund
At June 1, 2015	\$ -
Surplus for the period	1,067,358
At June 30, 2016	<u>\$ 1,067,358</u>

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended June 30, 2016

(Expressed in Hong Kong Dollars)

1. CORPORATE INFORMATION

The Foundation is incorporated in Hong Kong with limited liability as limited by guarantee and has its registered office and principal place of operation situated at 12/F., Wing Sing Commercial Building, 2-4 Wing Sing Lane, Yau Ma Tei, Kowloon.

During the period, the principal activities of the Foundation are promoting the education, scientific research and prevention of dermal disease.

The financial statements are presented in Hong Kong Dollars, which is the same as the functional currency of the Foundation.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS
("HKFRS" or the Standards)

In the financial period under review, the Foundation has adopted all the applicable Standards, which also include all Hong Kong Accounting Standards ("HKAS") and interpretations issued by the Hong Kong Institute of Certified Public Accountants, in preparation of the financial statements.

The adoption of the Standards did not result in substantial changes to the Foundation's accounting policies. There were no early adoption of any new standards or interpretations that have been issued but are not yet effective.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention.

b) Property, Plant and Equipment

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use.

Expenditure incurred after the assets being put into operation is normally charged as expense in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the period ended June 30, 2016

(Expressed in Hong Kong Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Property, Plant and Equipment (Continued)

Depreciation is calculated to write off the cost of property, plant and equipment over their expected useful lives as follows :-

Medical Equipment	20% per annum on straight line method
Office Equipment	20% per annum on straight line method
Furniture and Fixture	20% per annum on straight line method

The gain or loss on disposal of property, plant and equipment is the difference between the net disposal proceeds and the carrying amount of the assets and is recognised in the statement of comprehensive income.

c) Trade and Other Payables

Trade and other payables are recognised and carried at transaction price.

d) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Foundation and when the revenue can be measured reliably, on the following basis :

- (i) Membership fee and admission income are recognised when received from members.
- (ii) Bank interest is recognised when received.
- (iii) Donation and sponsorship income are recognised when received from donors.

e) Impairment of Assets

At each financial period end date, an assessment is made to consider whether there is any indication that assets are impaired or an impairment loss recognised in prior periods is reversed. If such indication exists, the recoverable amount of the asset is estimated, carrying amount adjusted and an impairment loss (reversal) recognised as an expense (income) in the statement of comprehensive income, or as a revaluation decrease (increase), as appropriate.

f) Income Tax

Hong Kong Profits Tax had not been provided in the financial statements as the Foundation is exempted from tax under section 88 of the Inland Revenue Ordinance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the period ended June 30, 2016

(Expressed in Hong Kong Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Cash and Cash Equivalent

Cash and cash equivalent represents cash at bank and on hand, demand deposit with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

h) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Foundation has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Foundation does not have written risk management policies and guidelines. However, the Foundation's officers meet periodically to analyse and formulate measures to manage the Foundation's exposure to risks. Generally, the Foundation employs a conservative strategy regarding its risk management.

Credit Risk

The Foundation's principal financial assets are bank balances and cash, which represent the Foundation's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the period ended June 30, 2016

(Expressed in Hong Kong Dollars)

5. NON-CURRENT ASSETS

Fixed Assets	Medical Equipment	Office Equipment	Furniture and Fixture
Addition for the period, at cost	\$ 107,126	\$ 34,961	\$ 82,851
Depreciation charged for the period	(21,425)	(6,992)	(16,570)
Net Book Value	<u>\$ 85,701</u>	<u>\$ 27,969</u>	<u>\$ 66,281</u>

6. OPERATING LEASE COMMITMENT

Commitment under Operating Lease relating to leasehold property to make payments in the following years :-

within one year	\$ 192,000
after one year	71,467
	<u>\$ 263,467</u>

7. DATE OF INCORPORATION

The Foundation was incorporated on June 1, 2015.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HONG KONG DERMATOLOGY FOUNDATION LIMITED**
(Incorporated in Hong Kong with limited liability)

Report on the Financial Statements

We have audited the financial statements of Hong Kong Dermatology Foundation Limited set out on pages 3 to 10, which comprise the statement of financial position as at June 30, 2016, and the statement of comprehensive income, statement of changes in members' fund and statement of cash flows for the period 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 presentation 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 in our report based on our audit. This report is made solely to you, as a body, in accordance with section 405 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 the 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 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 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 AUDITOR'S REPORT TO THE MEMBERS OF
HONG KONG DERMATOLOGY FOUNDATION LIMITED (Continued)**
(Incorporated in Hong Kong with limited liability)

Report on the Financial Statements (Continued)

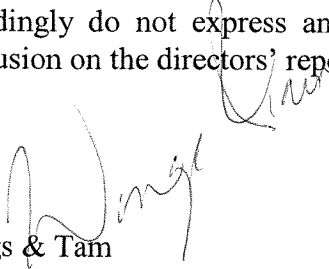
Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as at June 30, 2016 and of its financial performance and cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Report on Directors' Report under section 406(2) of the Hong Kong Companies Ordinance

In addition to the respective responsibilities of the directors and auditor stated in the above section "Report on the Financial Statements", the directors are also responsible for the preparation of the directors' report as set out on pages 1 to 2 in accordance with the Hong Kong Companies Ordinance.

It is our responsibility to read the information in the directors' report for the period ended June 30, 2016 as set out on pages 1 to 2 to identify and report inconsistencies with the financial statements. However, we have not audited or reviewed the directors' report and accordingly do not express an audit opinion or a review conclusion or any assurance conclusion on the directors' report as a whole.


Wongs & Tam
Certified Public Accountants
Hong Kong,

18 NOV 2016

1/F., Hang Lung House,
188 Queen's Road,
Central, Hong Kong.

EW/jc