

**HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**  
(Incorporated in Hong Kong with liability limited by guarantee)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 16 MAY 2011**

**(DATE OF INCORPORATION)**

**TO 31 MARCH 2012**

## **HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**

### **REPORT OF THE BOARD OF DIRECTORS**

The director submits their report together with the audited financial statements of Hong Kong Association For Specific Learning Disabilities (the "Association") for the period from 16 May 2011 (date of incorporation) to 31 March 2012.

#### **Principal activity**

The principal activity of the Association is provision of social services to school children with specific learning disabilities on a non-profit making basis.

#### **Results and appropriations**

The results of the Association for the period from 16 May 2011 (date of incorporation) to 31 March 2012 are set out in the statement of comprehensive income on page 5.

#### **Funds**

Details of movements in funds of the Association are set out in the statement of changes in funds are on page 7. .

#### **Directors**

The directors during the period and up to the date of this report were:

KEUNG Wai Lin Iris	(appointed on 16 May 2011)
CLANCY TO Ling Chu Edith	(appointed on 16 May 2011)
CHENG Wai Oi	(appointed on 16 May 2011)
HUI Yuk Sim Hazel	(appointed on 16 May 2011 and resigned on 30 November 2012)

#### **Directors' interests in contracts**

Except for the related party transactions disclosed in Note 10 to financial statement, no contracts of significance in relation to the Association's business to which the Association was a party and in which a director of the Association had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

#### **Directors' rights to acquire shares or debentures**

At no time during the period was the Association a party to any arrangement to enable the directors of the Association to acquire benefits by means of the acquisition of shares in, or debentures of, the Association or any other body corporate.

#### **Management contracts**

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

**HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**

**REPORT OF THE BOARD OF DIRECTOR (CONTINUED)**

**Auditors**

The financial statements have been audited by Messrs. PROCON CPA Limited, Certified Public Accountants, who being eligible, offer themselves for re-appointment.

On behalf of the Board

Iris X   
Chairman

Hong Kong, 15 July 2013

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**  
(Incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of Hong Kong Association for Specific Learning Disabilities (the "Association") set out on pages 5 to 14, which comprise the balance sheet as at 31 March 2012, and the statement of comprehensive income, statement of changes in funds and cash flow statement for the period from 16 May 2011 (the of incorporation) to 31 March 2012, 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 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.

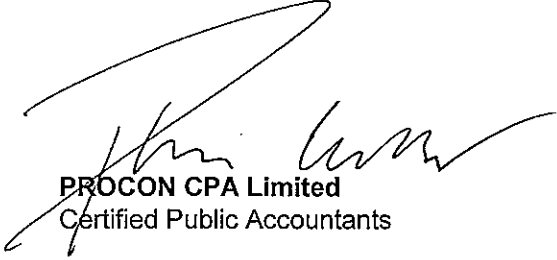
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the 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 HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**  
(Incorporated in Hong Kong with liability limited by guarantee)  
(Continued)

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Association's affairs as at 31 March 2012 and of the Association's surplus and cash flows for the period from 16 May 2011 (date of incorporation) to 31 March 2012 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



**PROCON CPA Limited**  
Certified Public Accountants

Engagement Director: Eric Choy  
Practising Certificate Number: P04687

Hong Kong, 15 July 2013

**HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**  
(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF COMPREHENSIVE INCOME**

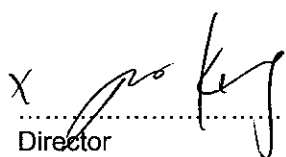
	Note	For the period from 16 May 2011 (date of incorporation) to 31 March 2012
Revenue	5	2,096,939
Other income	5	1,201
General and administrative expenses		(920,775)
Surplus for the period	6	1,177,365
Other comprehensive income for the period		-
Total comprehensive income for the period		1,177,365

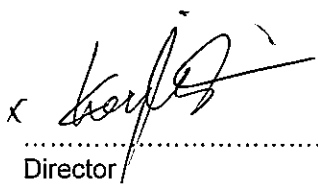
The notes on pages 9 to 14 are an integral part of these financial statements.

**HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**  
 (All amounts in Hong Kong dollars unless otherwise stated)

**BALANCE SHEET**

	Note	<u>At 31 March 2012</u>
<b>Current assets</b>		
Bank balances	9	43,873
Amount due from a related party	10	1,142,492
		<u>1,186,365</u>
<b>Current liability</b>		
Accruals		9,000
		<u>9,000</u>
<b>Total assets less current liabilities</b>		<u><u>1,177,365</u></u>
<b>Financed by:</b>		
Surplus for the period		1,177,365
		<u>1,177,365</u>
<b>Total funds</b>		<u><u>1,177,365</u></u>

Iris X   
 Director

Oi X   
 Director

The notes on pages 9 to 14 are an integral part of these financial statements.

**HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**  
(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CHANGES IN FUNDS**

	Retained surplus
Surplus for the period	1,177,365
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>1,177,365</u>
<b>Balance as at 31 March 2012</b>	<u><u>1,177,365</u></u>

The notes on pages 9 to 14 are an integral part of these financial statements.



**HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**  
 (All amounts in Hong Kong dollars unless otherwise stated)

**CASH FLOW STATEMENT**

	Note	For the period from 16 May 2011 (date of incorporation) to 31 March 2012
<b>Cash flows from operating activities</b>		
Surplus for the period		1,177,365
Adjusted for:		
Interest received	5	(1)
Changes in working capital:		
Increase in amount due from a related party		(1,142,492)
Increase in accruals		9,000
Net cash inflow from operating activities		<u>43,872</u>
<b>Cash flows from investing activity</b>		
Interest received	5	<u>1</u>
Net cash outflow from investing activity		<u>1</u>
<b>Increase in cash and cash equivalents</b>		<b>43,873</b>
Cash and cash equivalents at the beginning of the period		<u>-</u>
<b>Cash and cash equivalents at the end of the period</b>	<b>9</b>	<b><u>43,873</u></b>

The notes on pages 9 to 14 are an integral part of these financial statements.

## HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES

(All amounts in Hong Kong dollars unless otherwise stated)

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 General information

Hong Kong Association for Specific Learning Disabilities (the "Association") is a company with liability limited by guarantee registered under the Hong Kong Companies Ordinance on 16 May 2012 with business registration number of 58361715.

The Association is principally engaged in provision of social services to school children with specific learning disabilities on a non-profit making basis. The address of its registered office is at Unit 44, G/F., Chui King House, Choi Hung Estate, Ngau Chi Wan, Kowloon, Hong Kong. Under the provisions of the Association's Memorandum and Articles of Association, every member shall, in the event of the Association being wound up, contribute to the assets of the Association to the extent of HK\$1. As at 31 March 2012, the Association had 1,871 members.

These financial statements are presented in Hong Kong dollars unless otherwise stated, and have been approved for issue by the Board of Directors on 15 July 2013.

#### 2 Summary of significant accounting policies

The principal 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.

##### 2.1 Basis of preparation

The financial statements of the Association have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities, which are stated at fair value, and in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and interpretations 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 preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

##### (a) Standards, amendments and interpretations to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards (collectively, the "Amendments") have been published that are mandatory for the Association's accounting period commencing from 1 April 2012. Some of the Amendments are relevant and applicable to the Association; however, they have not been early adopted in these financial statements. The Association 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 will not be significant other than certain additional disclosures.

**HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.2 Foreign currency translation**

(a) Functional and presentation currency

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

(b) Transactions and balances

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

**2.3 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand, overdrafts and deposits held at call with banks.

**2.4 Taxation**

The Association being a charitable institution or trust of a public character is exempt from tax under Section 88 of the Inland Revenue Ordinance with effect from 16 May 2011.

**2.5 Provisions**

Provisions are recognised when: the Association has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

## **HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**

(All amounts in Hong Kong dollars unless otherwise stated)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.6 Revenue recognition**

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

- (i) income from donations is recognised when the donations are received;
- (ii) activities income is recognised when cash is received;
- (iii) membership fee income is recognised when cash is received; and
- (iv) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

##### **2.7 Leases (as the lessee)**

Lease where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

##### **2.8 Employee benefits**

###### **(a) Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

###### **(b) Pension obligations**

The Association operates a mandatory provident fund scheme ("MPF scheme") in Hong Kong. It is a pension plan under which the Association pays fixed contributions into publicly or privately administered entities. The Association has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Association has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## **HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**

(All amounts in Hong Kong dollars unless otherwise stated)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **3 Financial risk and capital risk management**

##### **3.1 Financial risk factors**

In the opinion of the directors, the Association has no significant financial risk and therefore no sensitivity analysis is performed.

##### **3.2 Capital risk management**

The capital structure of the Association represents total funds of the Association. The Association's objective when managing capital is to safeguard the Association's ability to continue as a going concern. The Association's overall strategy remains unchanged.

##### **3.3 Fair value estimation**

The carrying value less impairment provision of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Association for similar financial instruments, unless the effect of discounting will be immaterial. At the balance sheet date, all financial assets and liabilities are denominated in Hong Kong dollars unless otherwise stated.

#### **4 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 the circumstances.

There are no critical estimates and assumptions that have a significant risk of causing a material judgement to the carrying amounts of assets and liabilities within the next financial year.

**HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****5 Revenue and other income**

	For the period from 16 May 2011 (date of incorporation) to 31 March 2012
Revenue	
Donation	1,821,594
Activities income	270,970
Membership fee income	4,375
	<hr/>
	2,096,939
Other income	
Interest income	1
Sundry income	1,200
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	1,201
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	2,098,140
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**6 Surplus for the period**

Surplus for the period is stated after charging the following:

	For the period from 16 May 2011 (date of incorporation) to 31 March 2012
Auditors' remuneration	4,000
Operating leases in respect of leasehold land and buildings	16,577
Staff costs (including directors' emoluments) (Note 7)	
- salaries	403,607
- pension cost – defined contribution plan	32,196
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**7 Directors' emoluments (regarded as key management compensation)**

None of the directors received or will receive any fee or emoluments in respect of their services to the Association during the period.

**8 Income tax expense**

The Association being a charitable institution or trust of a public character is exempt from tax under Section 88 of the Inland Revenue Ordinance with effect from 16 May 2011.

**HONG KONG ASSOCIATION FOR SPECIFIC LEARNING DISABILITIES**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****9 Cash and cash equivalents**

The carrying values of the bank balances and cash are denominated in the following currencies:

	As at 31 March 2012
Hong Kong dollars	43,873
United States dollars	-
	<u>43,873</u>

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	As at 31 March 2012
Cash at bank	<u>43,873</u>
Maximum exposure to credit risk	<u>43,873</u>

**10 Related party transactions and balances**

The amounts due from a related party is unsecured, non-interest-bearing and repayable on demand. Details of the amounts due from a subsidiary and shareholders are as follows:

Name of a related party	Director Connected	Balance at the beginning of the period	Balance at the end of the period	Maximum amount outstanding during the period
Hong Kong Association For Specific Learning Disabilities (Organization registered under S.5A(1), Societies Ordinance)	Keung Wai Lin Iris	<u>-</u>	<u>1,142,492</u>	<u>1,142,492</u>

**11 Commitments under operating leases**

As at 31 March 2012, the Association had future aggregate minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings as follows:

	As at 31 March 2012
Not later than one year	35,100
Later than one year and not later than five years	-
	<u>35,100</u>