

**Association of Chinese Cultural Preservation Limited**  
**愛國文化保育協會有限公司**

**Report and financial statements**  
Period from 3 June 2010 (date of incorporation) to  
30 September 2011

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**Independent auditor's report**

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**To the members of**

**Association of Chinese Cultural Preservation Limited**

愛國文化保育協會有限公司

(incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Association of Chinese Cultural Preservation Limited set out on pages 3 to 10, which comprise the balance sheet as at 30 September 2011, and the income and expenditure account, statement of changes in accumulated fund and cash flow statement for the period from 3 June 2010 (date of incorporation) to 30 September 2011, and a summary of significant accounting policies and other explanatory information.

**Executive committee members' responsibility for the financial statements**

The executive committee members 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 executive committee members 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 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 purposes. 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 executive committee members, 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.

**To the members of**

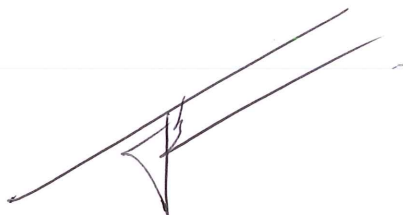
**Association of Chinese Cultural Preservation Limited**

愛國文化保育協會有限公司

(incorporated in Hong Kong and limited 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 30 September 2011 and of its surplus and cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

A handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke, positioned above the name Johnny Chan.

**Johnny Chan**

Certified Public Accountant

8 March 2012

**Income and expenditure account**

For the period from 3 June 2010 (date of incorporation)  
to 30 September 2011

	Note	3.6.2010 to 30.9.2011 HK\$
<b>Revenue</b>	3	603,500
Administrative expenses		(108,914)
<b>Surplus for the period</b>	5	<u>494,586</u>

**Balance sheet**

As at 30 September 2011

30.9.2011  
HK\$

**Current assets**

Account receivable

600,000

Cash at bank

3,220

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603,220

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**Current liabilities**

Accruals

47,900

Amount due to member

60,734

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108,634

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**Net assets**

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494,586

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Representing:

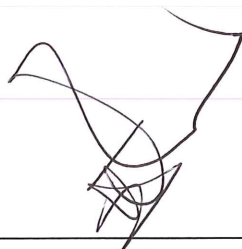
**Accumulated fund**

Retained surplus

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494,586

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Executive committee member



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Executive committee member

**Statement of changes in accumulated fund**

For the period from 3 June 2010 (date of incorporation)  
to 30 September 2011

	Retained surplus HK\$
Balance at 3 June 2010 (date of incorporation)	-
Changes in accumulated fund for 2011:	
Surplus for the period	494,586
Balance at 30 September 2011	<u>494,586</u>

**Cash flow statement**

For the period from 3 June 2010 (date of incorporation)  
to 30 September 2011

3.6.2010 to  
30.9.2011  
HK\$

**Operating activities**

Surplus for the period	494,586
<b>Operating profit before changes in working capital</b>	<u>494,586</u>
Increase in account receivable	(600,000)
Increase in accruals	47,900
<b>Net cash used in operating activities</b>	<u>(57,514)</u>

**Financing activity**

Increase in amount due to an executive committee member	60,734
<b>Net cash generated from financing activity</b>	<u>60,734</u>
<b>Net increase in cash and cash equivalents</b>	3,220
<b>Cash and cash equivalents at beginning of the period</b>	<u>-</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>3,220</u></u>

**Analysis of cash and cash equivalents:**

Cash at bank	<u><u>3,220</u></u>
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The notes on pages 7 to 10 form part of these financial statements



**Accounting policies and explanatory notes to the financial statements**

For the period from 3 June 2010 (date of incorporation)  
to 30 September 2011

**1. General**

Association of Chinese Cultural Preservation Limited is incorporated in Hong Kong with its members' liability limited by guarantee and not having a share capital. The liability of each member is limited to an amount not exceeding HK\$100. As at 30 September 2011, the company had 3 members.

The registered office of the company is located at Unit 3132-3133, 3/F., Podium Diamond Square, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong.

The main objects of the company are to promote and organise Chinese cultural activities in Hong Kong and to encourage and educate the general public to elevate their awareness and knowledge of Chinese culture.

The company is registered as an approved charitable institution and is exempt from tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

**2. Basis of preparation and significant accounting policies**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collectively include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards 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 presentation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

A summary of the significant accounting policies adopted by the company is set out below.

**(a) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the company and when the revenue and costs, if applicable, can be measured reliably.



**Accounting policies and explanatory notes to the financial statements**

For the period from 3 June 2010 (date of incorporation)  
to 30 September 2011

**2. Basis of preparation and significant accounting policies (continued)**

**(b) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents.

**(c) Account receivables**

Account receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

**(d) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the company has a 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 expenditure 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 of economic benefits is remote. Possible obligations, the existence of which 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 of economic benefits is remote.

**3. Revenue**

Revenue recognised during the period are as follows:

	3.6.2010 to 30.9.2011 HK\$
Sponsorship received for campaign event	3,500
Donation received from member	600,000
	<hr/>
	603,500

**Accounting policies and explanatory notes to the financial statements**

For the period from 3 June 2010 (date of incorporation)  
to 30 September 2011

**4. Income tax expense**

The company is an approved charitable institution which is exempt from Hong Kong profits tax.

**5. Surplus for the period**

Surplus for the period has been arrived at after charging:

3.6.2010 to  
30.9.2011  
HK\$

Auditor's remuneration

7,000

Executive committee members' remuneration

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**6. Financial risk management and fair values**

There is no significant exposure to credit, interest rate, and liquidity risks as the company has no substantial financial instruments outstanding at the balance sheet date.

All financial instruments are carried at amount not materially different from their fair values as at the balance sheet date.

**7. Accounting judgements and estimates**

There are no significant effects on amounts recognised in the financial statements arising from the judgements or estimates used by the company.

There is no significant risk of key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**8. Capital management**

The company is limited by guarantee and has no share capital. The company considers its capital to be the retained surplus. The company's primary objective in managing its retained surplus is to safeguard the company's ability to continue as a going concern, so that it can continue to provide support and protect the interest of its members. Adjustments maybe made to the capital structure in light of changes in economic conditions affecting the company to the extent that these do not conflict with the executive committee members' fiduciary duties towards the company or the requirements of the Hong Kong Companies Ordinance.

There has been no change in the company's capital management practices during the period and the company is not subject to any externally imposed capital requirements.

**Accounting policies and explanatory notes to the financial statements**

For the period from 3 June 2010 (date of incorporation)  
to 30 September 2011

**9. Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 30 September 2011**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the period ended 30 September 2011 and which have not been adopted in these financial statements.

The company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's results of operations and financial position.

**10. Approval of financial statements**

The financial statements were approved and authorised for issue by the executive committee on 8 March 2012.