

HONG KONG REFUGEE ADVICE CENTRE LIMITED
(Incorporated in Hong Kong with liability limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2011

PricewaterhouseCoopers

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HONG KONG REFUGEE ADVICE CENTRE LIMITED

REPORT OF THE BOARD OF DIRECTORS

The directors submit their report and the audited financial statements of Hong Kong Refugee Advice Centre Limited (the "Company") for the year ended 30 June 2011.

Principal activity

The principal activity of the Company is provision of safeguard to the rights and well-being of refugees in Hong Kong.

Results and appropriations

The results of the Company for the year ended 30 June 2011 are set out in the statement of comprehensive income on page 5.

Funds

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

Property, plant and equipment

Details of movements in property, plant and equipment of the Company are set out in Note 9 to the financial statements.

Directors

The directors during the year were:

Kelley Ann LOPER
Farzana Ann ASLAM
Michael John VIDLER
William Davis LUSK, JR.
Som Hol LEUNG
Raquel AMADOR
Melissa STRECKER

Directors' interests in contracts

No contracts of significance in relation to the Company's business to which the Company was a party and in which a 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.

Directors' rights to acquire shares or debentures

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

HONG KONG REFUGEE ADVICE CENTRE LIMITED

REPORT OF THE BOARD OF DIRECTOR (CONTINUED)

Management contracts

No 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 Messrs. PROCON CPA Limited, Certified Public Accountants, who being eligible, offer themselves for re-appointment.

On behalf of the Board



Chairman

Hong Kong, 15 August 2011

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HONG KONG REFUGEE ADVICE CENTRE LIMITED
(Incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of Hong Kong Refugee Advice Centre Limited set out on pages 5 to 15, which comprise the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as to 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 and true and fair presentation of the financial statements 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.

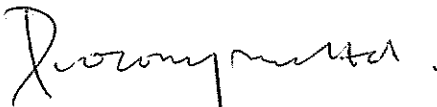
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HONG KONG REFUGEE ADVICE CENTRE LIMITED
(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 Company's affairs as at 30 June 2011 and of the Company's 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.



PROCON CPA Limited
Certified Public Accountants

Engagement Director: Rex Leung
Practising Certificate Number: P05194

Hong Kong, 15 August 2011

HONG KONG REFUGEE ADVICE CENTRE LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME


	Note	Year ended 30 June	
		2011	2010
Income	5	3,281,627	1,830,698
Other income	5	27,598	318
General and administrative expenses		(2,334,808)	(1,322,963)
Surplus for the year	6	974,417	508,053
Other comprehensive income		-	-
Total comprehensive income for the year		<u>974,417</u>	<u>508,053</u>


The notes on pages 9 to 15 are an integral part of these financial statements.

HONG KONG REFUGEE ADVICE CENTRE LIMITED
 (All amounts in Hong Kong dollars unless otherwise stated)

BALANCE SHEET

		At 30 June	
	Note	2011	2010
Non-current asset			
Property, plant and equipment	9	132,075	8,880
Current assets			
Bank balances and cash	10	1,931,681	1,198,092
Accounts receivable		122,062	-
Deposits and prepayments		51,433	5,751
		<u>2,105,176</u>	<u>1,203,843</u>
Current liability			
Accruals and other payables		55,281	5,170
Net current assets		<u>2,049,895</u>	<u>1,198,673</u>
Total assets less current liabilities		<u>2,181,970</u>	<u>1,207,533</u>
Financed by:			
Retained surplus, as at beginning of year		1,207,553	699,500
Surplus for the year		974,417	508,053
Retained surplus, as at end of year		<u>2,181,970</u>	<u>1,207,553</u>


 Director


 Director

The notes on pages 9 to 15 are an integral part of these financial statements.

HONG KONG REFUGEE ADVICE CENTRE LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CHANGES IN FUNDS

	Retained surplus
Balance as at 1 July 2009	699,500
Surplus for the year	508,053
Other comprehensive income for the year	-
Total comprehensive income for the year	508,053
Balance at 30 June 2010 and 1 July 2010	1,207,553
Surplus for the year	974,417
Other comprehensive income for the year	-
Total comprehensive income for the year	974,417
Balance at 30 June 2011	2,181,970

The notes on pages 9 to 15 are an integral part of these financial statements.

HONG KONG REFUGEE ADVICE CENTRE LIMITED
 (All amounts in Hong Kong dollars unless otherwise stated)

CASH FLOW STATEMENT

	Note	Year ended 30 June	
		2011	2010
Cash flows from operating activities			
Surplus for the year		974,417	508,053
Adjusted for:			
Depreciation		15,763	2,960
Increase in accounts receivable		(122,062)	-
Increase in deposits and prepayments		(45,682)	-
Increase in accruals and other payables		50,111	170
Interest received		(40)	(7)
Net cash inflow from operating activities		<u>872,507</u>	<u>511,176</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(138,958)	-
Interest received		40	7
Net cash (outflow) / inflow from investing activities		<u>(138,918)</u>	<u>7</u>
Increase in cash and cash equivalents		733,589	511,183
Cash and cash equivalents as at beginning of year		<u>1,198,092</u>	<u>686,909</u>
Cash and cash equivalents as at end of year	10	<u><u>1,931,681</u></u>	<u><u>1,198,092</u></u>

The notes on pages 9 to 15 are an integral part of these financial statements.

HONG KONG REFUGEE ADVICE CENTRE LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Hong Kong Refugee Advice Centre Limited (the "Company") is a Company limited by guarantee with no share capital and was incorporated under the Hong Kong Companies Ordinance on 10 November 2008.

The Company is principally engaged in provision of safeguard to the rights and well-being of refugees in Hong Kong. The address of its registered office is at 4209 Lippo Centre Tower 1, Admiralty, Hong Kong. Under the provisions 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 30 June 2011, the Company had 7 (2010: 7) 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 August 2011.

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 Company 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 Company'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 Company's accounting period commencing from 1 July 2011. 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 will not be significant other than certain additional disclosures.

HONG KONG REFUGEE ADVICE CENTRE LIMITED
(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 Company are measured using Hong Kong dollars, the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company'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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.3 Property, plant and equipment

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses and any residual value over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Office equipment	20%
Furniture, fixture and equipment	20%
Leasehold improvements	20%

2.4 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.

2.5 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.6 Taxation

The Company 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 10 November 2008.

HONG KONG REFUGEE ADVICE CENTRE LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.7 Provisions

Provisions are recognised when: the Company 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.

2.8 Revenue recognition

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

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

2.9 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.

2.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition of asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are charged to the income statement in the year in which they are incurred.

2.11 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.

HONG KONG REFUGEE ADVICE CENTRE LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.11 Employee benefits (Continued)

(b) Pension obligations

The Company operates a mandatory provident fund scheme ("MPF scheme") in Hong Kong. It is a pension plan under which the Company pays fixed contributions into publicly or privately administered entities. The Company 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 Company 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.

3 Financial risk and capital risk management

3.1 Financial risk factors

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

3.2 Capital risk management

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

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 Company 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.

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 REFUGEE ADVICE CENTRE LIMITED
 (All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Income and other income

	2011	2010
Income		
Donation	3,281,627	1,830,698
	<hr/>	<hr/>
Other income		
Interest income	40	7
Training income	21,700	-
Sundry income	5,858	311
	<hr/>	<hr/>
	27,598	318
	<hr/>	<hr/>
	<u>3,309,225</u>	<u>1,831,016</u>

6 Surplus for the year

Surplus for the year is stated after charging the following:

	2011	2010
Auditors' remuneration	5,500	4,750
Depreciation	15,763	2,960
Operating leases in respect of leasehold land and buildings	124,324	60,000
Staff costs (including directors' emoluments) (Note 7)		
- salaries	1,794,905	1,019,364
- pension cost – defined contribution plan	69,546	39,965
	<hr/>	<hr/>

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 Company during the year (2010: Nil).

8 Income tax expense

The Company 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 10 November 2008.

HONG KONG REFUGEE ADVICE CENTRE LIMITED
 (All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

9 Property, plant and equipment

	Furniture and fixture	Office equipment	Leasehold improvements	Total
At 1 July 2009				
Cost	4,300	10,500	-	14,800
Accumulated Depreciation	(860)	(2,100)	-	(2,960)
Net book amount	<u>3,440</u>	<u>8,400</u>	<u>-</u>	<u>11,840</u>
Year ended 30 June 2010				
Opening net book amount	3,440	8,400	-	11,840
Depreciation	(860)	(2,100)	-	(2,960)
Closing net book amount	<u>2,580</u>	<u>6,300</u>	<u>-</u>	<u>8,880</u>
At 30 June 2010 and 1 July 2010				
Cost	4,300	10,500	-	14,800
Accumulated depreciation	(1,720)	(4,200)	-	(5,920)
Net book amount	<u>2,580</u>	<u>6,300</u>	<u>-</u>	<u>8,880</u>
Year ended 30 June 2011				
Opening net book amount	2,580	6,300	-	8,880
Additions	21,298	19,700	97,960	138,958
Depreciation	(2,918)	(4,007)	(8,838)	(15,763)
Closing net book amount	<u>20,960</u>	<u>21,993</u>	<u>89,122</u>	<u>132,075</u>
At 30 June 2011				
Cost	25,598	30,200	97,960	153,758
Accumulated depreciation	(4,638)	(8,207)	(8,838)	(21,683)
Net book amount	<u>20,960</u>	<u>21,993</u>	<u>89,122</u>	<u>132,075</u>

HONG KONG REFUGEE ADVICE CENTRE LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

10 Bank balances and cash

	2011	2010
Bank deposits	1,929,591	1,197,077
Cash	2,090	1,015
	<u>1,931,681</u>	<u>1,198,092</u>

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

	2011	2010
Hong Kong dollars	883,457	897,801
United States dollars	1,048,224	300,291
	<u>1,931,681</u>	<u>1,198,092</u>

11 Commitments under operating leases

As at 30 June 2011, the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings as follows:

	2011	2010
Not later than one year	70,000	-
Later than one year and not later than five years	-	-
	<u>70,000</u>	<u>-</u>

12 Comparatives

Certain comparative figures have been reclassified to conform with current year's presentation.