



**COUNSELORS CPA LIMITED**

Certified Public Accountants (Practising)

**中策會計師行有限公司**

*Directors' Report*

*Audited Financial Statements*

***The Lion Rock Institute (HK) Limited***

獅子山學會(香港)有限公司

*For the year ended 31 December 2013*

# **The Lion Rock Institute (HK) Limited**

## **Directors' Report**

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The board of directors has pleasure in submitting their report and audited financial statements for the year ended 31 December 2013.

### **Principal activities**

The principal activities of the Company are to promote free market or acts of related charity.

### **Results and dividends**

The results of the Company for the year and financial position as at 31 December 2013 are set out in the statement of comprehensive income on page 4 and statement of financial position on page 6, respectively.

### **Reserves**

Movements in the reserves of the Company during the year are set out in the statement of changes in equity on page 5.

### **Directors**

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

SHUEN Pak Man Andrew  
Work Gavin Andrew  
Stacey William John  
Ryan Daniel Patrick

In accordance with the Company Article of Association, all directors retire but, being eligible, offer themselves for re-election.

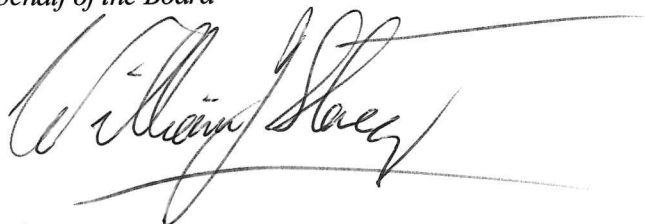
### **Directors' interests in contracts**

No contracts of significance 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.

### **Auditors**

A resolution will be submitted to the annual general meeting to re-appoint Counselors CPA Limited, *Certified Public Accountants (Practising)*.

*On behalf of the Board*



*Director*

24 APR 2014



## Independent Auditor's Report

To the members of  
**The Lion Rock Institute (HK) Limited**  
*(incorporated in Hong Kong with limited liability)*

We have audited the accompanying financial statements of The Lion Rock Institute (HK) Limited (the "Company") set out on pages 4 to 13, which comprise the Company's statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Hong Kong Financial Reporting Standard ("HKFRS") for Private Entities issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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.

### 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 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 HKICPA. 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 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 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 consolidated 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

**The Lion Rock Institute (HK) Limited**  
*(incorporated in Hong Kong with limited liability)*

### Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Company as at 31 December 2013 and of the Company's profit and cash flows for the year then ended in accordance with the HKFRS for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

*Certified Public Accountants (Practising)*  
Hong Kong 24 APR 2014

CHEUNG Chi Kit, Alex  
Practising Certificate No.: P03946

# The Lion Rock Institute (HK) Limited

## Statement of Comprehensive Income

For the year ended 31 December 2013

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	<i>Note</i>	<b>2013</b> <b>HK\$</b>	2012 <i>HK\$</i>
<b>Revenue</b>	<b>3</b>	<b>1,858,968</b>	1,271,829
Operating expenses		<u>(1,615,111)</u>	<u>(1,193,272)</u>
<b>Surplus before income tax expense</b>	<b>4</b>	<b>243,857</b>	78,557
Income tax expense	<b>5</b>	<u>-</u>	<u>-</u>
<b>Surplus for the year</b>		<u><b>243,857</b></u>	<u>78,557</u>

# The Lion Rock Institute (HK) Limited

## Statement of Changes in Equity

For the year ended 31 December 2013

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### General Funds HK\$

At 1 January 2012	310,833
Surplus for the year	<u>78,557</u>
At 31 December 2012	<u>389,390</u>
At 1 January 2013	389,390
Surplus for the year	<u>243,857</u>
At 31 December 2013	<u><u>633,247</u></u>

# The Lion Rock Institute (HK) Limited

## Statement of Financial Position

At 31 December 2013

	<i>Note</i>	<b>2013</b> <b>HK\$</b>	<b>2012</b> <b>HK\$</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Plant and equipments	7	<u>5,272</u>	<u>10,544</u>
<b>Current assets</b>			
Deposits paid		51,171	51,171
Cash and bank balances		<u>614,686</u>	<u>388,636</u>
		<u>665,857</u>	<u>439,807</u>
<b>Current liabilities</b>			
Accruals expense		22,000	45,079
Due to a director	8	<u>15,882</u>	<u>15,882</u>
		<u>37,882</u>	<u>60,961</u>
<b>NET CURRENT ASSETS</b>		<u>627,975</u>	<u>378,846</u>
<b>NET ASSETS</b>		<u><u>633,247</u></u>	<u><u>389,390</u></u>
<b>RESERVES</b>			
Accumulated Surplus		<u><u>633,247</u></u>	<u><u>389,390</u></u>

Approved and authorised for issue by the Board of Directors on

24 APR 2014



Director



Director

# The Lion Rock Institute (HK) Limited

## Statement of Cash Flow

For the year ended 31 December 2013

	2013 HK\$	2012 HK\$
<b>OPERATING ACTIVITIES</b>		
Surplus before income tax expense	243,857	78,557
Adjustment for :		
Depreciation	5,272	5,272
<b>Operating surplus before changes in working capital</b>	<b>249,129</b>	<b>83,829</b>
Change in account receivable	-	100,000
Changes in deposits paid	-	(8,249)
Changes in accruals expenses	(23,079)	23,381
<b>Net cash generated from operating activities</b>	<b>226,050</b>	<b>198,961</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Plant and equipments	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>226,050</b>	<b>198,961</b>
Cash and cash equivalents at beginning of year	388,636	189,675
<b>Cash and cash equivalents for the year ended</b>	<b>614,686</b>	<b>388,636</b>
<b>Analysis of the balances of cash and cash equivalents:</b>		
Cash and bank balances	614,686	388,636



# **The Lion Rock Institute (HK) Limited**

## **Notes to the Financial Statements**

For the year ended 31 December 2013

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### **1. REPORTING ENTITY**

The Lion Rock Institute (HK) Limited (or the "Company") incorporated in Hong Kong with limited liability by guarantee. Every member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member of the Company, or within one year after he or she ceased to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one hundred Hong Kong dollars.

The Company's registered office is located at Room 1502, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong. The principal activities of the Company are to promote free market or acts of related charity.

### **2. PRINCIPAL ACCOUNTING POLICIES**

#### **Basis of preparation**

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard ("HKFRS") for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

#### **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 and on the following basis.

Donation is recognised when donation income is received.

Course income, speech and counseling fee are recognized upon completion at services provided.

Interest income is accrued on a time proportion basis on the principal outstanding and at the rate applicable.

#### **Cash equivalents**

For the purpose of cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts, if any.

# **The Lion Rock Institute (HK) Limited**

## **Notes to the Financial Statements**

For the year ended 31 December 2013

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### **2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

#### **Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Where the Company acquires leasehold land for own use under a finance lease, the prepaid cost included in property, plant and equipment on initial recognition represents the fair value of the leasehold land, or if lower, the present value of the minimum lease payments, determined at the inception of the lease and any initial direct costs of the lessee (incremental costs that are directly attributable to negotiating and arranging a lease).

The other cost of items of property, plant and equipment comprises the followings:

- the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the Group will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease.

The following annual rates are used for the depreciation of property, plant and equipment:

- |                          |     |
|--------------------------|-----|
| • Computer               | 20% |
| • Fixtures and equipment | 20% |

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

#### **Trade receivables**

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Trade payables**

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**Notes to the Financial Statements**

For the year ended 31 December 2013

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**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Employee benefits**

*Short term employee benefits*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. When payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

*Defined contribution plans*

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred [and are reduced by contributions forfeited by those employees who leave the scheme prior to the contributions are vested fully in those employees]. The assets of the scheme are held separately from those of the Company in an independently administered fund.

**Impairment of assets**

At each reporting date, property, plant and equipment, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount [(selling price less costs to complete and sell, in the case of inventories)], but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Notes to the Financial Statements**

For the year ended 31 December 2013

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**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Company at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, where required, depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

**Related parties**

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) is a member of the key management personnel of the Company or of a parent of the Company;
  - (ii) has control over the Company; or
  - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (b) An entity is related to the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of a third entity.
  - (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant voting power in the entity.

# The Lion Rock Institute (HK) Limited

## Notes to the Financial Statements

For the year ended 31 December 2013

### 3. TURNOVER

	2013 HK\$	2012 HK\$
Turnover for this year comprised the following:		
Donation income	1,418,530	777,665
Course and event income	251,620	192,395
Consultant income	144,000	180,894
Management income	33,000	-
Membership income	-	119,000
Sundry Income	11,818	1,875
Total turnover	<u>1,858,968</u>	<u>1,271,829</u>

### 4. SURPLUS BEFORE INCOME TAX EXPENSE

	2013 HK\$	2012 HK\$
This is stated after charging:		
Staff costs:		
- Contributions to defined benefit plan	2,521	4,012
- Salaries and allowances	78,546	116,275
Total staff costs	<u>81,067</u>	<u>120,287</u>
Audit fee	6,000	6,000
Operating lease payments in respect of premises	<u>169,478</u>	<u>150,195</u>

### 5. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 161 of the Companies Ordinance are as follows:

	2013 HK\$	2012 HK\$
Directors' emoluments		
- Fee	-	-
- Other emoluments	-	-
	<u>-</u>	<u>-</u>

# The Lion Rock Institute (HK) Limited

## Notes to the Financial Statements

For the year ended 31 December 2013

### 6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the accounts as all incomes are not subject to tax under Section 88 of the Inland Revenue Ordinance.

### 7. PROPERTY, PLANT AND EQUIPMENT

	Computer HK\$	Fixtures and equipment HK\$	Total HK\$
<b>Cost</b>			
1 January 2013			
And	25,190	1,170	26,360
<b>31 December 2013</b>	<b>25,190</b>	<b>1,170</b>	<b>26,360</b>
<b>Accumulated depreciation and impairment</b>			
1 January 2013	15,114	702	15,816
Charge for the year	5,038	234	5,272
<b>31 December 2013</b>	<b>20,152</b>	<b>936</b>	<b>21,088</b>
<b>Net Book Value</b>			
<b>31 December 2013</b>	<b>5,038</b>	<b>234</b>	<b>5,272</b>
31 December 2012	10,076	468	10,544

### 8. AMOUNT DUE TO A DIRECTOR

The amount due is interest-free, unsecured and no fixed repayment terms.

### 9. OPERATING LEASE COMMITMENT

As at the reporting date, the Company had operating lease commitment in respect of office premises as follows:

	2013 HK\$	2012 HK\$
Within one period	274,210	169,478
Two to five periods	695,520	42,370
	<b>969,730</b>	<b>211,848</b>

## Management Information

### The Lion Rock Institute (HK) Limited

#### Detailed Statement of Comprehensive Income

For the year ended 31 December 2013

	2013 HK\$	2012 HK\$
<b>Total income</b>		
Donation income	1,418,530	777,665
Course and events income	251,620	192,395
Consultant income	144,000	180,894
Management fee income	33,000	-
Membership income	-	119,000
Sundry income	11,818	1,875
	<u>1,858,968</u>	<u>1,271,829</u>
<b>Less:</b>		
<b>Operating expenses</b>	<u>(1,615,111)</u>	<u>(1,193,272)</u>
<b>Surplus for the year</b>	<u><u>243,857</u></u>	<u><u>78,557</u></u>
	2013 HK\$	2012 HK\$
<b>Operating expenses</b>		
Accounting fee	6,000	4,000
Advertising	-	89,700
Auditors' remuneration	6,000	6,000
Bank charges	1,167	1,154
Computer expense	-	5,051
Course, study fee and newspaper	30,000	5,132
Design fee	25,550	34,350
Depreciation	5,272	5,272
Electricity & water fee	13,870	17,930
Entertainment	13,420	34,321
Insurance	1,451	1,262
Internet	1,609	3,401
Legal & professional fee	1,605	2,031
Local travelling expenses	66	42
Donation	25,000	-
Building management fee	21,321	22,068
MPF contributions	2,521	4,012
Postage & Courier	-	6,875
Printing and material costs	30,667	30,993
Rent and rates	171,613	163,218
Salaries & allowance	78,546	116,275
Project cost	1,147,526	600,000
Sundry expense	7,845	22,964
Telecommunication	7,929	6,221
Travelling expense	16,133	11,000
	<u><u>1,615,111</u></u>	<u><u>1,193,272</u></u>