



Pearson Fearn & Co.

Chartered Accountants
Certified Public Accountants

THE LION ROCK INSTITUTE (HK) LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2014

THE LION ROCK INSTITUTE (HK) LIMITED

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31st December 2014.

PRINCIPAL ACTIVITIES

The company is incorporated in Hong Kong and has its registered office and principal place of business at Room 1502, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong. The company is a non-profit making organization which promotes free market or acts of related charity.

PLANT AND EQUIPMENT

Movements in plant and equipment during the year are set out in note 5 to the financial statements.

RESULTS

The results of the Company for the year ended 31st December 2014 and the state of the company's affairs at that date are set out on pages 5 to 11.

DIRECTORS

The names of the persons who acted as directors during the year and to the date of this report are:-

SHUEN Pak Man Andrew

WORK Gavin Andrew

STACEY William John

RYAN Daniel Patrick

WONG Yee Wai

(Appointed on 11th February, 2015)

In accordance with the company's Articles of Association, all directors retire but, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract 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.

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DIRECTORS' REPORT

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Pearson Fearn & Co. as auditor of the company.

On behalf of the board

A handwritten signature in black ink, appearing to read 'William Ho', is written over the printed name 'WILLIAM HO'.

CHAIRMAN

Hong Kong, 29th July 2015



Pearson Fearn & Co.

Chartered Accountants
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE LION ROCK INSTITUTE (HK) LIMITED

(INCORPORATED IN HONG KONG WITH LIABILITY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)

We have audited the financial statements of The Lion Rock Institute (HK) Limited set out on pages 5 to 11, which comprise the statement of financial position as at 31st December 2014, and the statement of income and retained earnings and statement of cash flows for the year ended 31st December 2014, and a summary of significant accounting policies and other explanatory notes.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and with the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls 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.

Responsibilities of auditors

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standard 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 depended 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 councillors, 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.



Pearson Fearn & Co.

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INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE LION ROCK INSTITUTE (HK) LIMITED

(INCORPORATED IN HONG KONG WITH LIABILITY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2014 and of its surplus for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PEARSON FEARN & CO.

Certified Public Accountants

HONG KONG, 29th July 2015



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**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31ST DECEMBER 2014**
(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2014</u> HK\$	<u>2013</u> HK\$
Income			
Turnover	2 & 4	<u>1,284,325</u>	<u>1,858,968</u>
Expenses			
Auditors' remuneration		8,000	6,000
Depreciation	2 & 5	16,788	5,272
Director's remuneration		--	--
MPF contribution	2	3,362	2,521
Salaries and allowance	2	54,063	78,546
Rent and rates		157,253	171,613
Project costs		674,955	1,147,526
Other operating expenses		228,511	203,633
		<u>1,142,932</u>	<u>1,615,111</u>
Surplus for the year		141,393	243,857
Surplus brought forward		633,247	389,390
Surplus carried forward		<u><u>774,640</u></u>	<u><u>633,247</u></u>



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STATEMENT OF FINANCIAL POSITION

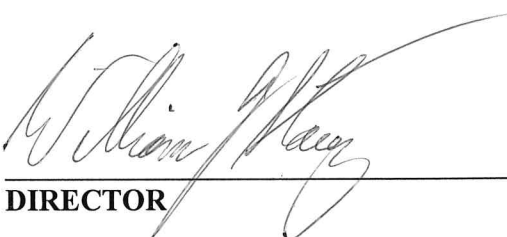
AS AT 31ST DECEMBER 2014

(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
ASSETS AND LIABILITIES			
Non-Current Asset			
Plant and equipment	2 & 5	46,065	5,272
Current Assets			
Deposits and prepayments	2	44,773	51,171
Other receivable	2	36,572	--
Cash and cash equivalents	2	717,078	614,686
		798,423	665,857
Current Liabilities			
Amount due to a director	7	36,986	15,882
Accrued expenses	2	32,862	22,000
		69,848	37,882
Net Current Assets		728,575	627,975
NET ASSETS		774,640	633,247
RESERVES			
Accumulated surplus		774,640	633,247

The financial statements set out on pages 5 to 11 were approved by the Board of Directors on 29th July 2015 and are signed on its behalf by:


DIRECTOR


DIRECTOR



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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2014
(Expressed in Hong Kong Dollars)

	<u>2014</u> HK\$	<u>2013</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	141,393	243,857
Adjustment for:		
Depreciation	16,788	5,272
	-----	-----
Operating surplus before working capital changes	158,181	249,129
Movements in working capital elements		
Other receivable	(36,572)	--
Deposits and prepayments	6,398	--
Accrued expenses	10,862	(23,079)
Amount due to a director	21,104	--
	-----	-----
Cash generated from operating activities	159,973	226,050
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(57,581)	--
	-----	-----
Cash (used in) investing activities	(57,581)	--
	-----	-----
Net cash generated from operating activities	102,392	226,050
	-----	-----
Cash and cash equivalents at start of the year	614,686	388,636
	-----	-----
Cash and cash equivalents at end of the year	717,078	614,686
	=====	=====



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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014 (Expressed in Hong Kong Dollars)

1. GENERAL INFORMATION

The company is incorporated in Hong Kong and has its registered office and principal place of business at Room 1502, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong. The company is a non-profit making organization which promotes free market or acts of related charity.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

Foreign currency translation

(a) Functional and preparation currency

The financial statements are presented in Hong Kong Dollars, which is the company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies during the year are translated at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Gains or losses arising on exchange are dealt with in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the rates of exchange ruling at the dates the fair value was determined.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated to write off the cost of plant and equipment in equal annual installments over their estimated useful lives of 5 years.

Plant and equipment acquired under finance lease arrangements are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising from the sale or retirement of plant and equipment, representing the difference between the actual or estimated disposal proceeds and the carrying amount of the asset, is recognized in the income statement.



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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014 (Expressed in Hong Kong Dollars)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short term, highly liquid investment 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 for the purpose of the cash flow statement.

Other receivables

Other 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.

Other payables

Other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement over the lease terms.

Employee benefits

Salaries, annual bonuses and other staff costs are accrued in the year in which the associated services are rendered by employees of the company. Where payment or settlement is deferred and the effect would be material, provisions are made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

The company joined a Mandatory Provident Fund ("MPF") scheme for its employees in Hong Kong. The assets of the MPF scheme are held separately from those of the company in independently administered funds. Under the rules of the MPF scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. Contributions to the defined contribution pension scheme are recognized as an expense in the income statement as incurred.



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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014 (Expressed in Hong Kong Dollars)

3. TRANSITION TO THE HKFRS FOR PRIVATE ENTITIES

Application of the HKFRS for Private Entities

These financial statements for the year ended 31st December 2014 are prepared under accounting policies that comply with the Hong Kong Financial Reporting Standards for Private Entities. The company applied full Hong Kong Financial Reporting Standards (HKFRSs) to prepare the financial statements prior to the application of the HKFRS for Private Entities.

The company has applied all the mandatory exceptions and certain of the optional exemptions from full retrospective application of the HKFRS for Private Entities when preparing these financial statements in according with the HKFRS for Private Entities.

4. TURNOVER

Turnover for the year comprised the following:

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Donation income	703,765	1,418,530
Course and event income	536,050	251,620
Consultant income	20,000	144,000
Management income	--	33,000
Sundry income	24,510	11,818
	<u>1,284,325</u>	<u>1,858,968</u>

5. PLANT AND EQUIPMENT

	<u>Furniture & fitting</u> <u>HK\$</u>	<u>Computer equipment</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Cost			
At 1 st January 2014	1,170	25,190	26,360
Additions	57,581	--	57,581
At 31st December 2014	<u>58,751</u>	<u>25,190</u>	<u>83,941</u>
Accumulated depreciation			
At 1 st January 2014	936	20,152	21,088
Charge for the year	11,750	5,038	16,788
At 31st December 2014	<u>12,686</u>	<u>25,190</u>	<u>37,876</u>
Net book value			
At 31 st December 2014	<u>46,065</u>	<u>--</u>	<u>46,065</u>
At 31 st December 2013	<u>234</u>	<u>5,038</u>	<u>5,272</u>



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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014 (Expressed in Hong Kong Dollars)

6. TAXATION

No provision for Hong Kong profits tax is made in the financial statement as the company is the charity organization which is exempted from tax assessment under Section 88 of the Inland Revenue Ordinance.

7. AMOUNT DUE TO A DIRECTOR

The amount due to a director is interest free, unsecured and repayable upon demand.

8. LEASE COMMITMENTS

At the financial year end date the company had the following future minimum rental commitments under non-cancelable operating leases for land and buildings:-

	<u>2014</u> HK\$	<u>2013</u> HK\$
Operating leases which expire:		
Within one year	309,120	274,210
After one year	373,520	695,520
	<u>682,640</u>	<u>969,730</u>

9. COMPARATIVE FIGURES

The comparative figures were extracted from the previous year's financial statements which were audited by another firm of certified public accountants.

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**OTHER OPERATING EXPENSES
FOR THE YEAR ENDED 31ST DECEMBER 2014**
(Expressed in Hong Kong Dollars)

	<u>2014</u> HK\$	<u>2013</u> HK\$
Accounting fee	3,000	6,000
Bank charges	1,832	1,167
Building management fee	16,675	21,321
Course, study fee and newspaper	27,227	30,000
Computer expenses and website	27,810	1,609
Design fee	--	25,550
Donation	--	25,000
Entertainment	15,184	13,420
Insurance	1,451	1,451
Legal and professional fee	7,900	1,605
Loss on exchange difference	68	--
Postage and courier	1,465	--
Printing and stationery	57,802	30,667
Stamp duty	761	--
Sundry expenses	1,928	7,845
Telecommunication	10,684	7,929
Travel - local	4,266	66
- overseas	34,552	16,133
Utilities	15,906	13,870
	<u>228,511</u>	<u>203,633</u>

**THESE ACCOUNTS HAVE BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY
AND DO NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.**