



# **Pearson Fearn & Co.**

Chartered Accountants  
Certified Public Accountants

**THE LION ROCK INSTITUTE (HK) LIMITED**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2015**

# THE LION ROCK INSTITUTE (HK) LIMITED

## CONTENTS

	<u>PAGES</u>
Directors' Report	1 to 2
Auditors' Report	3
Statement of Income and Retained Earnings	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 to 10
Other Operating Expenses	11

# THE LION ROCK INSTITUTE (HK) LIMITED

Page 1

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31<sup>st</sup> December, 2015.

### 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 31<sup>st</sup> December, 2015 and the state of the company's affairs at that date are set out on pages 4 to 10.

### 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	(Resigned on 5 <sup>th</sup> October, 2015)
Gavin Andrew WORK	
William John STACEY	
Daniel Patrick RYAN	
WONG Yee Wai	(Appointed on 11 <sup>th</sup> February, 2015)
Nicholas Robert SALLNOW-SMITH	(Appointed on 1 <sup>st</sup> April, 2016)

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

The company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full time employment of the company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the company.

### 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.

# THE LION ROCK INSTITUTE (HK) LIMITED

Page 2

## DIRECTORS' REPORT

### EVENTS AFTER THE REPORTING DATE

The company has no significant events occurring after the reporting date.

### AUDITORS

The financial statements have been audited by Pearson Fearn & Co. who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board



**NICHOLAS ROBERT SALLNOW-SMITH**  
**CHAIRMAN**

Hong Kong, 9<sup>th</sup> September, 2016



# Pearson Fearn & Co.

Chartered Accountants  
Certified Public Accountants

Page 3

**REPORT OF THE INDEPENDENT AUDITORS TO THE  
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 4 to 10, which comprise the statement of financial position as at 31<sup>st</sup> December, 2015, and the statement of income and retained earnings and statement of cash flows for the year ended 31<sup>st</sup> December, 2015, 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap. 622), 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. 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.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> December, 2015 and of its profit 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, 9<sup>th</sup> September, 2016



THE LION ROCK INSTITUTE (HK) LIMITED

Page 4

STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2015

(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>
<b>Turnover</b>	4	<b>801,083</b>	1,259,815
<b>Other income</b>			
Sundry income		7,100	24,510
Bank interest income		1	--
		<b>7,101</b>	24,510
		<b>808,184</b>	1,284,325
<b>Expenses</b>			
Auditors' remuneration		8,500	8,000
Depreciation	2 & 5	11,516	16,788
Directors' remuneration		--	--
MPF contribution	2	17,335	3,362
Salaries and allowances	2	385,802	54,063
Rental payments under operating leases	2 & 7	123,648	126,099
Project costs		86,589	674,955
Other operating expenses		137,911	259,665
		<b>771,301</b>	1,142,932
<b>Profit for the year</b>		<b>36,883</b>	141,393
<b>Retained earnings at beginning of the year</b>		<b>774,640</b>	633,247
<b>Retained earnings at end of the year</b>		<b>811,523</b>	774,640



# THE LION ROCK INSTITUTE (HK) LIMITED

Page 5

## STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> DECEMBER, 2015 (Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2015</u> HK\$	<u>2014</u> HK\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-Current Asset</b>			
Plant and equipment	2 & 5	34,549	46,065
<b>Current Assets</b>			
Deposits	2	44,773	44,773
Accounts receivable	2	21,012	36,572
Cash and cash equivalents	2	765,859	717,078
		831,644	798,423
<b>Current Liabilities</b>			
Account payable	2	36,986	--
Amount due to a director		--	36,986
Accrued expenses	2	17,684	32,862
		54,670	69,848
<b>Net Current Assets</b>		776,974	728,575
<b>NET ASSETS</b>		811,523	774,640
<b>RESERVES</b>			
Retained earnings		811,523	774,640

The financial statements set out on pages 4 to 10 were approved by the Board of Directors on 9<sup>th</sup> September, 2016 and are signed on its behalf by:

Nicholas Robert Sallnow-Smith  
Director

William John Stacey  
Director



**THE LION ROCK INSTITUTE (HK) LIMITED**

Page 6

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2015**  
(Expressed in Hong Kong Dollars)

	<u>2015</u> HK\$	<u>2014</u> HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	36,883	141,393
Adjustment for:		
Depreciation	11,516	16,788
Bank interest income	(1)	--
	-----	-----
<b>Operating profit before working capital changes</b>	<b>48,398</b>	<b>158,181</b>
Movements in working capital elements		
Decrease / (Increase) in accounts receivable	15,560	(36,572)
Decrease in deposits	--	6,398
Increase in account payable	36,986	--
(Decrease) / Increase in accrued expenses	(15,178)	10,862
(Decrease) / Increase in amount due to a director	(36,986)	21,104
	-----	-----
<b>Cash generated from operating activities</b>	<b>48,780</b>	<b>159,973</b>
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Acquisition of plant and equipment	--	(57,581)
	-----	-----
<b>Cash (used in) investing activity</b>	<b>--</b>	<b>(57,581)</b>
	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Bank interest received	1	--
	-----	-----
<b>Cash generated from financing activity</b>	<b>1</b>	<b>--</b>
	-----	-----
<b>Net increase in cash and cash equivalents</b>	<b>48,781</b>	<b>102,392</b>
<b>Cash and cash equivalents at start of the year</b>	<b>717,078</b>	<b>614,686</b>
	-----	-----
<b>Cash and cash equivalents at end of the year</b>	<b>765,859</b>	<b>717,078</b>
	=====	=====





# THE LION ROCK INSTITUTE (HK) LIMITED

Page 7

## ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2015 (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.



## THE LION ROCK INSTITUTE (HK) LIMITED

Page 8

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2015 (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.

##### **Accounts receivables**

Accounts 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.

##### **Account and other payables**

Account and 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.



# THE LION ROCK INSTITUTE (HK) LIMITED

Page 9

## ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2015 (Expressed in Hong Kong Dollars)

### 3. APPLICATION OF THE HKFRS FOR PRIVATE ENTITIES

These financial statements for the year ended 31<sup>st</sup> December, 2015 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>2015</u> HK\$	<u>2014</u> HK\$
Donation income	183,000	703,765
Course and event income	510,849	536,050
Consultancy income	107,234	20,000
	<u>801,083</u>	<u>1,259,815</u>

### 5. PLANT AND EQUIPMENT

	<u>Furniture &amp; fitting</u> HK\$	<u>Computer equipment</u> HK\$	<u>Total</u> HK\$
<u>Cost</u>			
At 1 <sup>st</sup> January, 2015	58,751	25,190	83,941
At 31 <sup>st</sup> December, 2015	<u>58,751</u>	<u>25,190</u>	<u>83,941</u>
<u>Accumulated Depreciation</u>			
At 1 <sup>st</sup> January, 2015	12,686	25,190	37,876
Charge for the year	11,516	--	11,516
At 31 <sup>st</sup> December, 2015	<u>24,202</u>	<u>25,190</u>	<u>49,392</u>
<u>Net Book Value</u>			
At 31 <sup>st</sup> December, 2015	<u>34,549</u>	--	<u>34,549</u>
At 31 <sup>st</sup> December, 2014	<u>46,065</u>	--	<u>46,065</u>



# THE LION ROCK INSTITUTE (HK) LIMITED

Page 10

## ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2015 (Expressed in Hong Kong Dollars)

### 6. TAXATION

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

### 7. 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>2015</u> HK\$	<u>2014</u> HK\$
Operating leases which expire:		
Within one year	309,120	309,120
In the second to fifth years inclusive	64,400	373,520
	<u>373,520</u>	<u>682,640</u>

**THE LION ROCK INSTITUTE (HK) LIMITED**

Page 11

**OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2015**  
(Expressed in Hong Kong Dollars)

	<u>2015</u> HK\$	<u>2014</u> HK\$
Accounting fee	3,500	3,000
Bank charges	1,201	1,832
Building management fee	13,082	16,675
Course, study fee and newspaper	1,213	27,227
Computer expenses and website	13,076	27,810
Cleaning expenses	7,027	--
Entertainment	21,715	15,184
Government rates	2,642	4,154
Insurance	1,693	1,451
Legal and professional fee	3,000	7,900
Loss on exchange	9	68
Postage and courier	348	1,465
Printing and stationery	46,359	57,802
Rental expenses	1,220	27,000
Stamp duty	--	761
Sundry expenses	1,991	1,928
Telecommunication	9,699	10,684
Travel - local	--	4,266
- overseas	5,696	34,552
Utilities	3,440	15,906
Water expenses	1,000	--
	-----	-----
	<u>137,911</u>	<u>259,665</u>

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