

Project Space Limited

(Incorporated in Hong Kong)

Reports and financial statements

Period from 8 March 2012 (date of incorporation) to 30 June 2014

Project Space Limited
Reports and financial statements

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Project Space Limited
Report of the Council

The Council presents herewith its report and the financial statements for the period from 8 March 2012 (date of incorporation) to 30 June 2014.

Principal activities

The principal activity of the company is to act as a development and relief agency with the objective of relieving poverty.

Results and appropriations

The results for the period are set out in the statement of comprehensive income on page 5.

The state of affairs of the company as at 30 June 2014 is set out in the statement of financial position on page 6.

The company's cash flows are set out in the statement on page 8.

Reserves

Details of movements in the reserves of the company during the period are set out in the statement of changes in equity on page 7.

Members of Council

The members of Council who held office during the period and up to the date of this report were:

CHEUNG So Han	- appointed on 8 March 2012
YAU Ka Lok	- appointed on 8 March 2012

All members of Council continued in office.

Council members' interests in contracts

No contract of significance in relation to the company was a party, and in which a member of Council of the company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Auditors

A resolution to reappoint the retiring auditor, Li Kit Ying, CPA (Practising), will be put at the annual general meeting.

On behalf of the Council**Chairman**

LI KIT YING, CPA (PRACTISING)**李潔瑩執業會計師**Suite 59, 9/F., Lee King Industrial Building, 12 Ng Fong Street, San Po Kong, Kowloon, Hong Kong
www.kitcpa.com.hk Tel: (852) 3796 5068 Fax: (852) 3753 4171 Email: kit@kitcpa.com.hk**Independent auditor's report to the members of Project Space Limited**
(Incorporated in Hong Kong with limited liability)

I have audited the financial statements of Project Space Limited set out on pages 5 to 14, which comprise the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Council's responsibility for the financial statements

The Council is 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 Council 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

My responsibility is to express an opinion on these financial statements based on my audit. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap.622), and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of this report.

I conducted my audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that I 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 judgment, 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 Council, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

LI KIT YING, CPA (PRACTISING)**李潔瑩執業會計師**

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Independent auditor's report to the members of Project Space Limited
(Incorporated in Hong Kong with limited liability)

Basis for qualified opinion

The period of the accounts have been made up for a period exceeded that permitted by section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap.622), which requires compliance with section 122 of the predecessor Hong Kong Companies Ordinance (Cap. 32).

Qualified opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2014 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.

LI Kit Ying
Certified Public Accountant (Practising)
Practising Certificate Number P05839

Hong Kong

Project Space Limited
Statement of comprehensive income
Period from 8 March 2012 (date of incorporation) to 30 June 2014

	Notes	Period from 8 March 2012 to 30 June 2014 HK\$
Income		
Donations		66,730
Participant's fee and donations to Nepal trip		116,573
Subscriptions		4,700
		<u>188,003</u>
Other income/(expenses)		
Exchange gain		202
Bank interest income		75
		<u>277</u>
Expenditure		
Accountancy fee		2,000
Audit fee		5,000
Business registration fee		2,900
Printing and stationery		266
Telephone and internet		1,192
Bank charges		360
Company secretary fee		11,700
Service cost of Nepal trip		135,771
Service cost of community painting activity		1,145
Sundry expenses		300
		<u>(160,634)</u>
Surplus/(deficit) before tax		27,646
Taxation	6	(1,478)
Surplus/(deficit) for the period		<u>26,168</u>
Other comprehensive income for the period		-
Total comprehensive income for the period		<u><u>26,168</u></u>

Project Space Limited
Statement of changes in equity
Period from 8 March 2012 to 30 June 2014

	Accumulated surplus/(deficit) HK\$
At 8 March 2012	-
Total comprehensive income/(expense) for the period	<u>26,168</u>
At 30 June 2014	<u><u>26,168</u></u>

Project Space Limited
Statement of cash flows
Period from 8 March 2012 to 30 June 2014

	2014 HK\$
Cash flows from operating activities	
Surplus/(deficit) before taxation	27,646
Adjustments for:	
Interest income	(75)
Operating profit/(loss) before working capital changes	<u>27,571</u>
Increase/(decrease) in operating liabilities	
Amount due to a member of council	18,984
Other payables	7,000
Net cash (used in)/from operating activities	<u>53,555</u>
Cash flows from investing activities	
Interest received	75
(Increase) in time deposit with maturity over three months	(50,075)
Net cash (used in)/from investing activities	<u>(50,000)</u>
Cash flows from financing activities	
Interest paid	-
Net cash (used in)/from financing activities	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	3,555
Cash and cash equivalents at beginning of the period	<u>-</u>
Cash and cash equivalents at end of the period	<u><u>3,555</u></u>
Analysis of balances of cash and cash equivalents	
Cash and bank balances	<u><u>3,555</u></u>

1 Form of incorporation

The company was incorporated in Hong Kong limited by guarantee and not having any share capital. Every member of the company undertakes to contribute to the assets and liabilities of the company, in the event of its being wound up which it is a member, or within one year after it ceases to be a member for payment of the debts and liabilities of the company contracted before he ceased 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 HK\$100.

2 General information

The address of its registered office and principal place of business is Room 1016, 10/F., Fat Lee Industrial Building, 17 Hung To Road, Kwun Tong, Kowloon.

The principal activity of the company is to act as a development and relief agency with the objective of relieving poverty.

3 Basis of preparation of the financial statements

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for this financial year continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. A summary of the significant accounting policies adopted by the group is set out below.

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

4 Application of new and revised HKFRSs

New and revised standards and interpretations applied with no material effects on the financial statements

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the company. Of these, the following developments are relevant to the company's financial statements:

Standard or interpretation	Effective for annual periods commencing on or after
Amendments to HKFRS 7 - Transfers of Financial Assets	1 July 2011
Amendments to HKAS 12 - Deferred Tax: Recovery of Underlying Assets	1 January 2012

The financial statements for the period have not been retrospectively restated due to the immaterial effect resulting from the change in accounting policy.

Application of new and revised HKFRSs (continued)

New and revised standards and interpretations in issue but not yet effective

Standard or interpretation	Effective for annual periods commencing on or after
Amendments to HKAS 1 - Presentation of items of other comprehensive income	1 July 2012
HKAS 19 (2011) Employee Benefits	1 January 2013
HKAS 27 (2011) Separate Financial Statements	1 January 2013
HKAS 28 (2011) Investments in Associates and Joint Ventures	1 January 2013
HKFRS 10 Consolidated Financial Statements	1 January 2013
HKFRS 11 Joint Arrangements	1 January 2013
HKFRS 12 Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13 Fair Value Measurement	1 January 2013
Amendments to HKFRS 7 - Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
Annual Improvements to HKFRSs 2009-11 Cycle	1 January 2013
Amendments to HKAS 32 - Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 9 Financial Instruments	1 January 2015

The company has not early adopted the above new and revised HKFRSs.

The company is in the process of making an assessment of what the impact of these amendments 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 financial statements.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the financial statements.

5 Significant accounting policies

a Cash and cash equivalents

Cash and cash equivalents comprise cash at bank 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 for the purpose of the statement of cash flows.

b Trade and other payables

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

c Taxation

The company is exempted under Section 88 of the Inland Revenue Ordinance from any tax levied in Hong Kong by reason of being a charitable institution or trust of a public character.

d Provisions

Provisions are recognised for other 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, whose existence 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.

e Foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

f Related parties

- (a) A person or a close member of that person's family is related to the company if that person:
- (i) has control or joint control over the company;
 - (ii) has significant influence over the company; or
 - (iii) is a member of the key management personnel of the company or of a parent of the company.
- (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) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One 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 either the company or an entity related to the company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

g Income recognition

Donations and subscriptions are recognized as received.

h Financial risk management

Exposure to liquidity and interest rate risks arises in the normal course of the company's business. The company's exposure to these risks and the financial risk management policies and practices used by the company to manage these risks are described below.

Liquidity risk

In the management of the liquidity risk, the company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

The maturity analysis of the company's financial liabilities is as follows:

	On demand	Less than 1 year	Between 1 and 5 years	Total
	HK\$	HK\$	HK\$	HK\$
At 30 June 2014				
Amount due to a member of council	18,984	-	-	18,984
Trade and other payables	-	7,000	-	7,000
	<u>18,984</u>	<u>7,000</u>	<u>-</u>	<u>25,984</u>

Project Space Limited
Notes to the financial statements - 30 June 2014

Financial risk management (continued)

Interest rate risk

The company is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The company currently does not have a policy on cash flow hedges of interest rate risk. However, the management considers the exposure to interest rate risk on bank balances is insignificant, so no sensitivity analysis is presented.

The company also exposed to fair value interest rate risk in relation to the fixed bank deposit. However, the management considers the fair value interest rate risk on the fixed bank deposit is insignificant as the fixed bank deposit is relatively short-term. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

6 Taxation

- a The charge/(credit) for taxation in the statement of comprehensive income represents:

	2014
	HK\$
Hong Kong profits tax	5,912
Tax concession	(4,434)
	<u>1,478</u>

Taxation in the statement of comprehensive income represents the provision for Hong Kong profits tax at the rate of 16.5% on the estimated assessable surplus for the period from 8 March 2012 to 6 August 2013, less any tax concession applicable for the period.

Since 7 August 2013, the company is exempted under Section 88 of the Inland Revenue Ordinance, thus no provision for Hong Kong profits tax has been made in the financial statements from 7 August 2013 onwards.

Reconciliation between tax expenses/(credit) and accounting profit/(loss) at applicable tax rates is as follows:

	2014
	HK\$
Surplus/(deficit) before taxation	<u>27,646</u>
Calculated at applicable rate of 16.5%	4,562
Tax concession for the period	(4,434)
Others	1,350
Tax expenses/(credit) for the period	<u>1,478</u>

- b Taxation in the statement of financial position represents the amount of Hong Kong profits tax provided for the current year less any tax concession for the period.
- c At the reporting date, the company has no deferred tax assets nor deferred tax liabilities.

Project Space Limited
Notes to the financial statements - 30 June 2014

7 Council members' remuneration

Council members' remuneration disclosed pursuant to section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), which requires compliance with section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014 HK\$
Fees	-
Salaries and other emoluments	-
Retirement benefits	-
	<u>-</u>
	<u>-</u>

8 Time deposits, cash and cash equivalents

Time deposits, cash and cash equivalents were denominated in the following currencies:

	2014 HK\$
Hong Kong dollars	<u>53,630</u>

The interest rate for the time deposit was 0.15% per annum. The deposit has a maturity of approximately 10 months.

9 Amount due to a member of Council

The amount is interest free, unsecured and has no fixed terms of repayment. The member of Council has indicated that the amount will not be recalled until sufficient fund is available in the company.

10 Other payables

Other payables were denominated in the following currencies:

	2014 HK\$
Hong Kong dollars	<u>7,000</u>

Project Space Limited
Detailed income statement for Nepal Trip 2012
For management purpose only

	HK\$
Income	
Application fee	51,420
Donation fee	65,153
	<u>116,573</u>
Other income	
Exchange gain	202
Expenditure	
Accommodation	5,480
Bank charge	260
Consumables	2,017
Donations to Volunteer Aid	59,755
Food and beverage	1,268
Gifts	20,766
Insurance	975
Medication	610
Postage and courier	505
Printing and stationery	398
Sundry	2,160
Tools	815
Transportation	39,242
Visa application fee	1,520
	<u>(135,771)</u>
Deficit for Nepal Trip 2012	<u><u>(18,996)</u></u>