

RAPHA FOUNDATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014



W. M. LAU & COMPANY

Certified Public Accountants

劉偉明會計師事務所

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(EXPRESSED IN HONG KONG DOLLAR)

RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES
FOR THE YEAR ENDED JUNE 30, 2014

The management committees have pleasure in submitting their report together with the audited financial statements for the year ended June 30, 2014.

PRINCIPAL ACTIVITIES

Its principal activities are to provide the financial assistance to those who need but unable to afford professional counseling, to work closely with churches to equip them to provide a healing ministry for those who are wounded psychologically for the benefit of the public, and to practise a healing concept that is integrated with Christian faith for the benefit of the public. There were no significant changes in the nature of the Charity's principal activities during the year.

RESULTS

The results of the Charity for the year ended June 30, 2014 and the state of affairs of the Charity as that date are set out in the financial statements on pages 5 to 19.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Company's property, plant and equipment during the year are set out in note 9 to the financial statements.

MANAGEMENT COMMITTEES

The following persons were management committees of the Charity during the year and up to date of the report:

Kot Lam Kat Katherine

Tsang Po Yee

Wong Lai Wa

Tsang Sou Wah

(Resigned on April 11, 2014)

(Resigned on October 8, 2013)

MANAGEMENT COMMITTEES' INTERESTS IN CONTRACTS

No contract of significance in relation to the Charity's business to which the Charity, and in which a management committees of the Charity had a material interest, subsisted at the end of the year or at any time during the year.

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RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES
FOR THE YEAR ENDED JUNE 30, 2014

MANAGEMENTS CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Charity were entered into or existed during the year.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint W. M. Lau & Company, Certified Public Accountants.

FOR AND ON BEHALF OF THE BOARD



CHAIRMAN

Hong Kong

Date: 24 JUL 2015



W. M. LAU & COMPANY 劉偉明會計師事務所

Certified Public Accountants

Unit 201, 2/F., Malaysia Building, 50 Gloucester Road, Hong Kong 香港灣仔告士打道50號馬來西亞大廈2樓201室
Tel 電話: (852) 2527 5497 Fax 傳真: (852) 2866 7997 E-mail 電郵: info@wmlaucpa.com

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

RAPHA FOUNDATION LIMITED

(Incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statement of Rapha Foundation Limited set out on pages 5 to 19, which comprise the balance sheet as at June 30, 2014, 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 information.

Management committees' responsibility for the financial statements

The management committees are responsible for the preparation of the 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 for such internal control as the management committees determine is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 80 of Schedule 11 to 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 the 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 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 management committees, as well as evaluating the overall presentation of the financial statements.

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W. M. LAU & COMPANY 劉偉明會計師事務所

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

RAPHA FOUNDATION LIMITED

(Incorporated in Hong Kong with liability limited by guarantee)

Auditors' responsibility (continued)

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 Charity's affairs as at June 30, 2014 and of its 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.

W. M. Lau & Company
Certified Public Accountants (Practising)

Hong Kong

Date: 24 JUL 2015

RAPHA FOUNDATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2014

	<i>Notes</i>	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Income			
Donation received		93,827	94,522
Training course fee received		922,125	569,232
Training course and event expenses		(11,717)	(7,572)
Training course subsidy		(80,866)	(54,382)
		<u>829,542</u>	<u>507,278</u>
Camp fee received		390,850	249,416
Camp expenses		(194,526)	(107,765)
Camp fee subsidy		(3,020)	(10,800)
		<u>193,304</u>	<u>130,851</u>
Sales of books, CDs and DVDs		305,874	350,965
Cost of sales	5	(133,891)	(151,636)
		<u>171,983</u>	<u>199,329</u>
Concert income		1,511,415	--
Concert expenses		(1,084,623)	--
		<u>426,792</u>	<u>--</u>
Bank interest income	5	138	199
Charity sales, net	6	--	5,416
Exchange difference		1,995	--
Other income		29,930	1,740
Mother's day income		6,030	--
Mother's day expense		(16,000)	--
		<u>22,093</u>	<u>7,355</u>
Less: Expenditure			
Auditors' remuneration	5	5,700	5,400
Bank charge		7,381	6,334
Bank loan interest	5	10,670	30,655
Building management fee		17,820	19,440
Cleaning		2,186	4,823
Computer products		2,560	1,573
Depreciation	5	101,024	102,086
Government rent and rates		1,763	375
Insurance		1,680	3,995
Local traveling		600	5,503
Printing and stationery		31,939	6,380
Postage and courier		10,826	3,764
Provident fund contributions	7	46,088	50,097
Professional fee		8,700	1,450
Repair and maintenance		7,225	9,794
Staff costs	5,7	583,755	641,532
Staff welfare & messing		1,280	1,342
Sundry expenses		1,547	560
Telephone		4,925	7,924
Utility		10,026	14,065
		<u>857,695</u>	<u>917,092</u>
Surplus for the year	5	<u>879,846</u>	<u>22,243</u>

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RAPHA FOUNDATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2014

	2014 HK\$	2013 HK\$
<u>Books translation and printing fund</u>		
Donation received	23,038	23,771
<u>Professional counseling subsidy fund</u>		
Donation received	23,870	124,890
Expenditure	(4,700)	(23,689)
	19,170	101,201
<u>Exchange subsidy fund</u>		
Donation received	87,560	47,542
Expenditure	(86,473)	(53,440)
	1,087	(5,898)
<u>Development fund</u>		
Donation received	83,654	29,900
<u>Course subsidy fund</u>		
Donation received	660	--
Expenditure	--	(5,800)
	660	(5,800)
<u>Office building fund</u>		
Donation received	88,570	518,800
Expenditure	--	(18,636)
	88,570	500,164
<u>China ministry fund</u>		
Donation received	16,165	64,475
Expenditure	--	(21,890)
	16,165	42,585
<u>Overseas ministry fund</u>		
Donation received	15,000	172,123
Overseas ministry tours income	422,760	--
Expenditure	(430,385)	(50,457)
	7,375	121,666
Total comprehensive surplus for the year	1,119,565	829,832

The notes on pages 10 to 19 form part of these financial statements.

RAPHA FOUNDATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2014

	Books translation and printing fund HK\$	Professional counseling subsidy fund HK\$	Exchange subsidy fund HK\$	Development fund HK\$	Course subsidy fund HK\$	Office building fund HK\$	China ministry fund HK\$	Overseas ministry fund HK\$	Accumulated deficit HK\$	Total HK\$
At July 1, 2012	158,188	133,417	49,177	283,783	133,320	1,825,092	301,873	254,022	(100,336)	3,038,536
Total comprehensive surplus/(deficit) for the year	23,771	101,201	(5,898)	29,900	(5,800)	500,164	42,585	121,666	22,243	829,832
At June 30, 2013	181,959	234,618	43,279	313,683	127,520	2,325,256	344,458	375,688	(78,093)	3,868,368
Total comprehensive surplus/(deficit) for the year	23,038	19,170	1,087	83,654	660	88,570	16,165	7,375	879,846	1,119,565
At June 30, 2014	204,997	253,788	44,366	397,337	128,180	2,413,826	360,623	383,063	801,753	4,987,933

The notes on pages 10 to 19 form part of these financial statements.

RAPHA FOUNDATION LIMITED

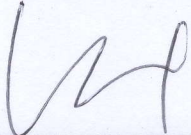
STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2014

	<i>Notes</i>	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Non current assets			
Property, plant and equipment	9	3,507,728	3,600,378
Current assets			
Inventories		61,025	124,270
Deposits		11,500	--
Accounts receivable	10	49,433	15,971
Cash and bank balances		1,499,336	1,052,178
		<u>1,621,294</u>	<u>1,192,419</u>
Current liabilities			
Accounts payable		29,023	60,724
Accruals		6,050	6,927
Amount due to a director	11	26,016	--
Other loan	12	80,000	100,000
Bank loan	13	--	756,778
		<u>141,089</u>	<u>924,429</u>
Net current assets		<u>1,480,205</u>	<u>267,990</u>
Net assets		<u><u>4,987,933</u></u>	<u><u>3,868,368</u></u>
Reserves			
Accumulated surplus/(deficit)		801,753	(78,093)
Books translation and printing fund		204,997	181,959
Professional counseling subsidy fund		253,788	234,618
Exchange subsidy fund		44,366	43,279
Development fund		397,337	313,683
Course subsidy fund		128,180	127,520
Office building fund		2,413,826	2,325,256
China ministry fund		360,623	344,458
Overseas ministry fund		383,063	375,688
		<u><u>4,987,933</u></u>	<u><u>3,868,368</u></u>

Approved and authorised for issue by the Management Committee on

24 JUL 2015


MANAGEMENT COMMITTEE


MANAGEMENT COMMITTEE

The notes on pages 10 to 19 form part of these financial statements.

RAPHA FOUNDATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	<i>Notes</i>	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Cash flows from operating activities			
Total comprehensive income for the year		1,119,565	829,832
Adjustments for:			
- Depreciation	5	101,024	102,086
- Bank loan interest	5	10,670	30,655
- Bank interest income	5	(138)	(199)
Operating surplus before working capital change		1,231,121	962,374
Decrease in inventories		63,246	55,401
Increase in deposits		(11,500)	--
(Increase)/decrease in accounts receivable		(33,462)	4,901
(Decrease)/increase in accounts payable		(31,701)	9,072
Decrease in accruals		(877)	(8,475)
Increase in amount due to director		26,016	--
Net cash generated from operating activities		1,242,843	1,023,273
Cash flows from financing activities			
Bank loan interest paid		(10,670)	(30,655)
Decrease in bank loan		(756,779)	(608,538)
Decrease in other loan		(20,000)	--
Net cash used in financing activities		(787,449)	(639,193)
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,374)	(3,748)
Interest received		138	199
Net cash used in investing activities		(8,236)	(3,549)
Net increase in cash and cash equivalents		447,158	380,531
Cash and cash equivalents at beginning of the year		1,052,178	671,647
Cash and cash equivalents at end of the year		1,499,336	1,052,178
Analysis of cash and cash equivalents			
Cash and bank balances		1,499,336	1,052,178

The notes on pages 10 to 19 form part of these financial statements.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

1. GENERAL INFORMATION

Rapha Foundation Limited is incorporated in Hong Kong under the Hong Kong Companies Ordinance on March 5, 2007 as a charity limited by guarantee. The address of its registered office and principal place of business is Room A, 7/F, Shun Pont Commercial Building, 5-11 Thomson Road, Wanchai, Hong Kong. Its principal activities are to provide the financial assistance to those who need but unable to afford professional counseling, to work closely with churches to equip them to provide a healing ministry for those who are wounded psychologically for the benefit of the public, and to practise a healing concept that is integrated with Christian faith for the benefit of the public.

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, that include Hong Kong Financial Reporting Standards (HKFRSs) and the requirement of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 3.

The Hong Kong Institute of Certified Public Accountants has issued certain new and revised HKFRSs and Interpretations that are first effective for the current accounting period of the Charity. Of these, no developments are relevant to the Charity's financial statements.

The Charity has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statement

The measurement basis used in preparing the financial statements is historical cost convention.

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment loss, if any.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Leasehold land and building	50 years or the unexpired term of lease, if any and shorter
Leasehold improvement	5 years
Furniture and fixtures	5 years
Office equipment	5 years

The residual value and the useful life of an asset are reviewed at least at each financial year-end.

The Charity assesses at each reporting date whether there is any indication that any items of property, plant and equipment may be impaired and that an impairment loss recognised in prior periods for an item may have decreased. If any such indication exists, the Charity estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount or a reversal of impairment loss is recognised immediately in statement of profit or loss.

Gain or loss arising from the de-recognition of an item of property, plant and equipment is included in statement of profit or loss when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Impairment loss

At each reporting date, the Charity reviews carrying amount of tangible assets to determine whether the carrying amounts of its tangible asset have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its net selling price and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Charity estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income immediately.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the Charity's cash management are included as a component of cash and cash equivalents.

Accounts payable

Accounts payable are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Charity has 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 same value of money is material, provisions are stated at the present value of the expenditures 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.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts and rebates allowed by the Charity. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the Charity and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognised as follows:

Donation income is recognised on the cash basis.

Course fee income is recognised upon the completion of the courses for the attendants.

Revenue from the sales of books is recognised when the Charity has delivered the books to the customers and the customer has accepted the books together with the risks and rewards of ownership of the books.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The Charity's management makes assumptions, estimates and judgments in the process of applying the account's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgments are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgments, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

Key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out as follows:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Charity assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimates, such differences from the original estimates will impact the depreciation charges in the year in which the estimates change.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

Impairment of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use calculation requires the Charity to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

5. SURPLUS FOR THE YEAR

	2014 HK\$	2013 HK\$
Surplus for the year is stated at after charging:		
Auditors' remuneration	5,700	5,400
Cost of sales	96,316	151,636
Depreciation	101,024	102,086
Staff costs	583,755	641,532
Bank loan interest	10,670	30,655
	<hr/>	<hr/>
And after crediting:		
Bank interest income	138	199
	<hr/>	<hr/>

6. CHARTITY SALES, NET

	2014 HK\$	2013 HK\$
Income		
Charity sales	--	5,416
Expenditure	--	--
	<hr/>	<hr/>
	--	5,416
	<hr/>	<hr/>

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

7. STAFF COSTS AND MANAGEMENT COMMITTEES' REMUNERATION

	2014 HK\$	2013 HK\$
Salaries and allowances	583,755	641,532
Provident fund contributions	<u>46,088</u>	<u>50,097</u>
	<u>629,843</u>	<u>691,629</u>

MANAGEMENT COMMITTEES' REMUNERATION

None of the management committees received any remuneration in respect of their services rendered for the year (2013: Nil).

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Charity is exempted from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance (2013: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$	Leasehold improvement HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Cost					
At July 1, 2012	3,879,630	52,720	2,805	63,200	3,998,355
Additions	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,748</u>	<u>3,748</u>
At June 30, 2013	<u>3,879,630</u>	<u>52,720</u>	<u>2,805</u>	<u>66,948</u>	<u>4,002,103</u>
Aggregate depreciation					
At July 1, 2012	232,779	31,632	1,683	33,545	299,639
Charge for the year	<u>77,592</u>	<u>10,544</u>	<u>561</u>	<u>13,389</u>	<u>102,086</u>
At June 30, 2013	<u>310,371</u>	<u>42,176</u>	<u>2,244</u>	<u>46,934</u>	<u>401,725</u>
Carrying amount					
At June 30, 2013	<u>3,569,259</u>	<u>10,544</u>	<u>561</u>	<u>20,014</u>	<u>3,600,378</u>

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings <i>HK\$</i>	Leasehold improvement <i>HK\$</i>	Furniture and fixtures <i>HK\$</i>	Office equipment <i>HK\$</i>	Total <i>HK\$</i>
Cost					
At July 1, 2013	3,879,630	52,720	2,805	66,948	4,002,103
Additions	--	--	--	8,374	8,374
At June 30, 2014	3,879,630	52,720	2,805	75,322	4,010,477
Aggregate depreciation					
At July 1, 2013	310,371	42,176	2,244	46,934	401,725
Charge for the year	77,592	10,544	561	12,327	101,024
At June 30, 2014	387,963	52,720	2,805	59,261	502,749
Carrying amount					
At June 30, 2014	3,491,667	--	--	16,061	3,507,728

The Charity's land and buildings are situated in Hong Kong and are held under long-term lease.

10. ACCOUNTS RECEIVABLE

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Accounts receivable	49,433	15,971

At June 30, the aging analysis of accounts receivable that are neither individually nor collectively considered to be impaired is as follows:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Neither past due nor impaired	33,462	--
Past due but not impaired:		
Less than 30 days	--	--
31 – 60 days	--	--
61 – 90 days	--	--
Over 90 days	15,971	15,971
At June 30	49,433	15,971

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

11. AMOUNT DUE TO A DIRECTOR

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

12. OTHER LOAN

The other loan is unsecured, interest free and repayable on demand.

13. BANK LOAN

As the loan agreement included a clause that gives the bank the unconditional right to call the loan at any time, the bank loan was classified as current liabilities.

In pursuant to repayment term of the bank loan, the loan should be repaid as follows:

	2014	2013
	HK\$	HK\$
Bank loan, secured	--	756,778
Less: Amount due within one year	<u>--</u>	<u>(82,350)</u>
Amount due after one year	<u><u>--</u></u>	<u><u>674,428</u></u>

14. FINANCIAL RISK MANAGEMENT

The Charity is exposed to various kinds of risks in its operation and financial instruments. The Charity's risk management objectives and policies mainly focus on minimizing the potential adverse effects of these risks on the charity by closely monitoring the individual exposure as follows:

Market risk and currency risk

The Charity seldom involves in purchasing and selling of foreign currencies. The exposure currency risk is considered not significant.

Liquidity risk

The Charity manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The table below summaries the maturity profile of the Charity's financial liabilities at June 30 based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date.

As at June 30, 2014	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 years HK\$	Over 5 years HK\$	Total HK\$
Accounts payable	29,023	--	--	--	--	29,023
Accruals	6,050	--	--	--	--	6,050
Amount due to a director	26,016	--	--	--	--	26,016
Other loan	80,000	--	--	--	--	80,000
	<u>141,089</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>141,089</u>
As at June 30, 2013	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 years HK\$	Over 5 years HK\$	Total HK\$
Accounts payable	60,724	--	--	--	--	60,724
Accruals	6,927	--	--	--	--	6,927
Other loan	100,000	--	--	--	--	100,000
Bank loan	--	23,341	69,741	324,112	350,316	767,510
	<u>167,651</u>	<u>23,341</u>	<u>69,741</u>	<u>324,112</u>	<u>350,316</u>	<u>935,161</u>

Cash flow interest rate risk

The Charity's exposure on cash flow interest rate risk mainly arises from its deposits with banks and cash and cash equivalents and the exposure of which is considered not significant.

Fair value

The carrying amounts of the Company's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

15. FINANCIAL INSTRUMENTS CATEGORIES

	2014	2013
	HK\$	HK\$
Financial assets:		
Deposits	11,500	--
Accounts receivable	49,433	15,971
Cash and bank balances	1,499,336	1,052,178
	<hr/>	<hr/>
Loans and receivables (including cash and cash equipments)	1,560,269	1,068,149
	<hr/>	<hr/>
Financial liabilities:		
Accounts payable	29,023	60,724
Accruals	6,050	6,927
Amount due to a director	26,016	--
Other loan	80,000	100,000
Bank loan	--	756,778
	<hr/>	<hr/>
Financial liabilities at amortised cost	141,089	924,429
	<hr/>	<hr/>