

RAPHA FOUNDATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016



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, 2016

The management committees have pleasure in submitting their report together with the audited financial statements for the year ended June 30, 2016.

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, 2016 and the state of affairs of the Charity as that date are set out in the financial statements on pages 5 to 19.

CHARITABLE CONTRIBUTIONS

During the year, the Charity did not make any charitable contributions (2015: \$500).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Charity's property, plant and equipment during the year are set out in note 10 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

MANAGEMENT COMMITTEES' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE CHARITY'S BUSINESS

There were no contracts of significance in relation to the business of the Charity to which the Charity was a party, and in which a management committee of the Charity 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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RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES
FOR THE YEAR ENDED JUNE 30, 2016

MANAGEMENT COMMITTEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Charity, a party to any arrangement to enable the management committees of the Charity (including their spouse and children under 18 year of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Charity or its specified undertaking or other associated corporation.

BUSINESS REVIEW

The Charity falls within reporting exemption for the year. Accordingly, the Charity is exempted from preparing a business review.

PERMITTED INDEMNITY PROVISION

At no time during the year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the management committees of the Charity (whether made by the Charity or otherwise) or an associated company (if made by the Charity).

MANAGEMENT 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



Kot Lam Kat Katherine
CHAIRMAN

Hong Kong
June 19, 2017



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)

We have audited the financial statement of Rapha Foundation Limited (“the Charity”) set out on pages 5 to 19, which comprise the statement of financial position as at June 30, 2016, 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 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 405 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 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 qualified opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Charity as at June 30, 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.


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

Hong Kong
June 19, 2017

RAPHA FOUNDATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	<i>Notes</i>	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Income			
Donation received	5	<u>58,905</u>	<u>30,469</u>
Training course fee received	5	651,481	642,835
Training course and event expenses		<u>(173,177)</u>	<u>(84,329)</u>
		<u>478,304</u>	<u>558,506</u>
Camp fee received	5	214,751	324,046
Camp expenses		<u>(85,029)</u>	<u>(138,226)</u>
Camp fee subsidy		--	(11,500)
		<u>129,722</u>	<u>174,320</u>
Sales of books, CDs and DVDs	5	312,735	262,083
Cost of sales	6	<u>(108,235)</u>	<u>(82,821)</u>
		<u>204,500</u>	<u>179,262</u>
Drama income	5,7	304,115	--
Drama expenses	7	<u>(182,397)</u>	<u>--</u>
		<u>121,718</u>	<u>--</u>
Bank interest income	6	264	249
Other income		--	24,992
		<u>264</u>	<u>25,241</u>
Less: Expenditure			
Auditors' remuneration	6	6,200	5,900
Advertising		4,609	--
Bad debt		35,667	--
Bank charge		3,657	3,010
Bank loan interest	6	--	43
Building management fee		21,192	21,352
Cleaning		3,650	2,187
Computer products		13,645	7,803
Depreciation	6	82,087	87,440
Donation		--	500
Exchange difference		39,446	--
Government rent and rates		6,811	4,912
Insurance		2,437	5,933
Local traveling		838	13,491
Membership fee		1,100	--
Printing and stationery		12,348	10,062
Postage and courier		2,308	2,539
Provident fund contributions	8	60,428	57,501
Professional fee		4,205	4,500
Repair and maintenance		16	800
Staff costs	6, 8	733,798	713,058
Staff welfare & messing		2,388	2,725
Sundry expenses		680	7,208
Telephone		5,915	5,096
Utility		<u>13,794</u>	<u>17,211</u>
		<u>1,057,219</u>	<u>973,271</u>
Deficit for the year	6	<u>(63,806)</u>	<u>(5,473)</u>

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RAPHA FOUNDATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	<i>Notes</i>	2016 <i>HK\$</i>	2015 <i>HK\$</i>
<u>Books translation and printing fund</u>			
Donation received	5	28,618	21,839
<u>Professional counseling subsidy fund</u>			
Donation received	5	3,200	1,600
Income received		380	--
Expenditure		--	(100)
		3,580	1,500
<u>Exchange subsidy fund</u>			
Donation received	5	13,230	35,174
Expenditure		(70,050)	(48,183)
		(56,820)	(13,009)
<u>Development fund</u>			
Donation received	5	297,731	161,721
<u>China ministry fund</u>			
Donation received	5	14,407	6,613
Expenditure		(25,070)	--
		(10,663)	6,613
<u>Office building fund</u>			
Donation received		30,537	--
<u>Overseas ministry fund</u>			
Donation received	5	1,000	--
Overseas ministry tours income	5	190,076	127,392
Expenditure		(42,820)	(62,415)
		148,256	64,977
Total comprehensive income for the year		377,433	238,168

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, 2016

	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) /surplus HK\$	Total HK\$
At July 1, 2014	204,997	253,788	44,366	397,337	128,180	2,413,826	360,623	383,063	801,753	4,987,933
Surplus and total comprehensive income for the year	21,839	1,500	(13,009)	161,721	--	--	6,613	64,977	(5,473)	238,168
At June 30, 2015	226,836	255,288	31,357	559,058	128,180	2,413,826	367,236	448,040	796,280	5,226,101
Surplus and total comprehensive income for the year	28,618	3,580	(56,820)	297,731	--	30,537	(10,663)	148,256	(63,806)	377,433
At June 30, 2016	255,454	258,868	(25,463)	856,789	128,180	2,444,363	356,573	596,296	732,474	5,603,534

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

RAPHA FOUNDATION LIMITED
STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2016

	<i>Notes</i>	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Non current assets			
Property, plant and equipment	<i>10</i>	<u>3,344,151</u>	<u>3,426,238</u>
Current assets			
Inventories		49,184	93,973
Accounts receivable	<i>11</i>	--	35,667
Cash and bank balances		<u>2,460,969</u>	<u>1,946,855</u>
		<u>2,510,153</u>	<u>2,076,495</u>
Current liabilities			
Accounts payable		35,223	88,678
Accruals		91,227	63,612
Amount due to a director	<i>12</i>	<u>124,320</u>	<u>124,342</u>
		<u>250,770</u>	<u>276,632</u>
Net current assets		<u>2,259,383</u>	<u>1,799,863</u>
Net assets		<u>5,603,534</u>	<u>5,226,101</u>
Reserves			
Accumulated surplus		732,474	796,280
Books translation and printing fund		255,454	226,836
Professional counseling subsidy fund		258,868	255,288
Exchange subsidy fund		(25,463)	31,357
Development fund		856,789	559,058
Course subsidy fund		128,180	128,180
Office building fund		2,444,363	2,413,826
China ministry fund		356,573	367,236
Overseas ministry fund		<u>596,296</u>	<u>448,040</u>
		<u>5,603,534</u>	<u>5,226,101</u>

Approved and authorised for issue by the Management Committee on June 19, 2017.

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Kot Lam Kat Katherine
MANAGEMENT COMMITTEE

 X

Tsang Po Yee
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, 2016

	<i>Notes</i>	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Cash flows from operating activities			
Total comprehensive income for the year		377,433	238,168
Adjustments for:			
- Depreciation	6	82,087	87,440
- Bank loan interest	6	--	43
- Provision for bad debt	6	35,667	--
- Bank interest income	6	<u>(264)</u>	<u>(249)</u>
Operating surplus before working capital change		494,923	325,402
Decrease/(increase) in inventories		44,789	(32,949)
Decrease in deposits		--	11,500
Decrease in accounts receivable		--	13,766
(Decrease)/increase in accounts payable		(53,455)	59,655
Increase in accruals		27,615	57,563
(Decrease)/increase in amount due to director		<u>(22)</u>	<u>98,326</u>
Net cash generated from operating activities		<u>513,850</u>	<u>533,263</u>
Cash flows from financing activities			
Bank loan interest paid		--	(43)
Decrease in other loan		<u>--</u>	<u>(80,000)</u>
Net cash used in financing activities		<u>--</u>	<u>(80,043)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		--	(5,950)
Interest received		<u>264</u>	<u>249</u>
Net cash generated from/(used in) investing activities		<u>264</u>	<u>(5,701)</u>
Net increase in cash and cash equivalents		514,114	447,519
Cash and cash equivalents at beginning of the year		<u>1,946,855</u>	<u>1,499,336</u>
Cash and cash equivalents at end of the year		<u><u>2,460,969</u></u>	<u><u>1,946,855</u></u>
Analysis of cash and cash equivalents			
Cash and bank balances		<u><u>2,460,969</u></u>	<u><u>1,946,855</u></u>

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, 2016

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 Charity's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term 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), accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Charity is set out in note 3.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Charity. Of these, the following developments are relevant to the financial statements:

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Charity's related party disclosures as the Charity does not obtain key management personnel services from management entities.

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

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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.

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.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment loss (continued)

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.

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, 2016

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, 2016

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. TURNOVER

The turnover of the Charity for the year represents the donation and sales income received. The amount of each significant category of revenue recognised during the year is as follows:

	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Turnover		
Donation received	447,628	257,416
Training course fee received	651,481	642,835
Camp fee received	214,751	324,046
Sales income	312,735	262,083
Drama income	304,115	--
Overseas ministry tours income	190,076	127,392
	<u>2,120,786</u>	<u>1,613,772</u>

6. SURPLUS/(DEFICIT) FOR THE YEAR

	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Surplus/(deficit) for the year is stated at after charging:		
Auditors' remuneration	6,200	5,900
Cost of sales	108,235	82,821
Depreciation	82,087	87,440
Staff costs	733,798	713,058
Bank loan interest	--	43
Provision for bad debt	35,667	--
	<u> </u>	<u> </u>
And after crediting:		
Bank interest income	<u>264</u>	<u>249</u>

RAPHA FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

7. DRAMA INCOME/EXPENSES

	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Public fundraising (Permit number: 2015/238/1)		
Income	257,867	--
Expenses	<u>(167,671)</u>	<u>--</u>
	90,196	--
Other drama activities		
Income	46,248	--
Expenses	<u>(14,726)</u>	<u>--</u>
	31,522	
Profit from drama activities	<u>121,718</u>	<u>--</u>

8. STAFF COSTS AND MANAGEMENT COMMITTEES' REMUNERATION

	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Salaries and allowances	733,798	713,058
Provident fund contributions	<u>60,428</u>	<u>57,501</u>
	<u>794,226</u>	<u>770,559</u>

MANAGEMENT COMMITTEES' REMUNERATION

None of the management committees received any remuneration in respect of their services rendered for the year (2015: Nil).

9. 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 (2015: Nil).

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$	Leasehold improvement HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Cost					
At July 1, 2014	3,879,630	52,720	2,805	75,322	4,010,477
Additions	--	--	--	5,950	5,950
At June 30, 2015	<u>3,879,630</u>	<u>52,720</u>	<u>2,805</u>	<u>81,272</u>	<u>4,016,427</u>
Aggregate depreciation					
At July 1, 2014	387,963	52,720	2,805	59,261	502,749
Charge for the year	77,592	--	--	9,848	87,440
At June 30, 2015	<u>465,555</u>	<u>52,720</u>	<u>2,805</u>	<u>69,109</u>	<u>590,189</u>
Carrying amount					
At June 30, 2015	<u>3,414,075</u>	<u>--</u>	<u>--</u>	<u>12,163</u>	<u>3,426,238</u>
	Land and buildings HK\$	Leasehold improvement HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Cost					
At June 30, 2015, 2016	<u>3,879,630</u>	<u>52,720</u>	<u>2,805</u>	<u>81,272</u>	<u>4,016,427</u>
Aggregate depreciation					
At July 1, 2015	465,555	52,720	2,805	69,109	590,189
Charge for the year	77,593	--	--	4,494	82,087
At June 30, 2016	<u>543,148</u>	<u>52,720</u>	<u>2,805</u>	<u>73,603</u>	<u>672,276</u>
Carrying amount					
At June 30, 2016	<u>3,336,482</u>	<u>--</u>	<u>--</u>	<u>7,669</u>	<u>3,344,151</u>

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

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

11. ACCOUNTS RECEIVABLE

	2016	2015
	<i>HK\$</i>	<i>HK\$</i>
Accounts receivable	35,667	35,667
Provision for bad debt	<u>(35,667)</u>	<u>--</u>
	<u><u>--</u></u>	<u><u>35,667</u></u>

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

	2016	2015
	<i>HK\$</i>	<i>HK\$</i>
Neither past due nor impaired	--	--
Past due but not impaired:		
Over 90 days	<u>--</u>	<u>35,667</u>
At June 30	<u><u>--</u></u>	<u><u>35,667</u></u>

12. AMOUNT DUE TO A DIRECTOR

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

13. 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.

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.

RAPHA FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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13. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at June 30, 2016	On demand <i>HK\$</i>	Less than 3 months <i>HK\$</i>	3 to 12 months <i>HK\$</i>	1 to 5 years <i>HK\$</i>	Over 5 years <i>HK\$</i>	Total <i>HK\$</i>
Accounts payable	35,223	--	--	--	--	35,223
Accruals	91,227	--	--	--	--	91,227
Amount due to a director	124,320	--	--	--	--	124,320
	<u>250,770</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>250,770</u>
As at June 30, 2015	On demand <i>HK\$</i>	Less than 3 months <i>HK\$</i>	3 to 12 months <i>HK\$</i>	1 to 5 years <i>HK\$</i>	Over 5 years <i>HK\$</i>	Total <i>HK\$</i>
Accounts payable	88,678	--	--	--	--	88,678
Accruals	63,612	--	--	--	--	63,612
Amount due to a director	124,342	--	--	--	--	124,342
	<u>276,632</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>276,632</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 Charity's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

14. FINANCIAL INSTRUMENTS CATEGORIES

	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Financial assets:		
Accounts receivable	--	35,667
Cash and bank balances	<u>2,460,969</u>	<u>1,946,855</u>
Loans and receivables (including cash and cash equipments)	<u>2,460,969</u>	<u>1,982,522</u>
Financial liabilities:		
Accounts payable	35,223	88,678
Accruals	91,227	63,612
Amount due to a director	<u>124,320</u>	<u>124,342</u>
Financial liabilities at amortised cost	<u>250,770</u>	<u>276,632</u>

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15. EVENTS AFTER THE END OF REPORTING PERIOD

On June 3, 2017, the Company has disposed its property at a consideration of HK\$7,950,000. On June 7, 2017, the Company has acquired a property at a consideration of HK\$10,556,000.