

CONTENTS

PAGE

Report of the Independent Committee

1-2

Independent Auditor's Report

3-4

Statement of Cash

5-8

Statement of Changes in Equity

9

Balance Sheet

10

Statement of Financial Position

11

Notes to the Financial Statements

12-19

RAPHA FOUNDATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

EXPRESSED IN HONG KONG DOLLAR



W. M. LAU & COMPANY
Certified Public Accountants
劉偉明會計師事務所

RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES
FOR THE YEAR ENDED JUNE 30, 2011

CONTENTS

The management committees have pleasure in submitting their report together with the audited financial statements for the year ended June 30, 2011.

	<u>PAGE</u>
Report of the Management Committees	1 - 2
Independent Auditors' Report	3 - 4
Statement of Comprehensive Income	5 - 6
Statement of Changes in Equity	7
Balance Sheet	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 19

MANAGEMENT COMMITTEES

(EXPRESSED IN HONG KONG DOLLAR)

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

Kot Lam Kat Katherine

Tsang Po Yee

Wong Lai Wa

Trang Son Wai

Ho San Pui David

(Appointed on September 17, 2010)

(Appointed on October 20, 2010)

(Appointed on January 17, 2011 and resigned on November 19, 2012)

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.

(To be continued)

RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES
FOR THE YEAR ENDED JUNE 30, 2011

The management committees have pleasure in submitting their report together with the audited financial statements for the year ended June 30, 2011.

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, 2011 and the state of affairs of the Charity as that date are set out in the financial statements on pages 5 to 19.

MANAGEMENT COMMITTEES

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

Kot Lam Kat Katherine

Tsang Po Yee

Wong Lai Wa

Tsang Sou Wah

Ho Sin Pan Daniel

(Appointed on September 17, 2010)

(Appointed on October 20, 2010)

(Appointed on January 17, 2011 and resigned on November 19, 2012)

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.

...../To be continued



RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES

FOR THE YEAR ENDED JUNE 30, 2011

...../Continued

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

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.

Management committees' responsibility for the financial statements

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

FOR AND ON BEHALF OF THE BOARD

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 141 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 Standard on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require us to 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.



CHAIRMAN

Hong Kong
December 29, 2012

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 as it relates 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 management committees, as well as evaluating the overall presentation of the financial statements.

...../To be continued



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

RAPHA FOUNDATION LIMITED

(Incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of Rapha Foundation Limited ("Charity") set out on pages 5 to 19, which comprise the balance sheet as at June 30, 2011 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 notes.

Management committees' responsibility for the financial statements

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

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 141 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 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 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 auditors consider 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 management committees, as well as evaluating the overall presentation of the financial statements.

..... / To be continued



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

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	HK\$	HK\$
Income		
Donation received	176,506	115,444
Training course fee received	540,020	471,146

..... /Continued

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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the financial statements which explains that the members have confirmed that they will provide such financial assistance as is necessary to maintain the Charity as a going concern. On the strength of this assurance, the accounts have been prepared on going concern basis. The financial statements do not include any adjustments that would be necessary if such assurance was not valid. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

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, 2011 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 & Co.
W. M. Lau & Company.

Certified Public Accountants (Practising)

Hong Kong
December 29, 2012

RAPHA FOUNDATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2011

	<i>Notes</i>	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Income			
Donation received		176,506	115,444
Training course fee received		540,020	471,146
Sales of books, CDs and DVDs		222,426	200,648
Cost of sales	5	(106,880)	(95,155)
Gross profit		<u>115,546</u>	<u>105,493</u>
Bank interest income	5	110	1,287
Charity sales, net	6	8,096	--
Other income		1,897	--
		<u>10,103</u>	<u>1,287</u>
Less: Expenditure			
Advertising		1,580	324
Auditors' remuneration	5	4,300	4,000
Bank charge		2,223	1,157
Bank interest		57,893	50,298
Building management fee		18,504	15,420
Cleaning		5,784	4,275
Computer products		7,627	--
Depreciation	5	100,458	95,105
Entertainment		--	51
Exchange rate difference		--	(11,546)
General expenses		--	6,500
Insurance		3,801	6,810
Local traveling		6,925	9,342
Printing and stationery		18,038	16,011
Postage and courier		6,808	8,013
Provident fund contributions		19,527	17,634
Professional fee		1,700	1,450
Repair and maintenance		200	3,217
Rent and rate		165	18,000
Staff costs	5	474,721	376,720
Staff welfare & messing		393	2,154
Training course and event expenses		57,825	44,943
Training course subsidy		89,731	136,310
Sundry expenses		708	1,696
Telephone		7,487	7,036
Utility		10,574	5,566
		<u>896,972</u>	<u>820,486</u>
Deficit for the year	5	<u>(54,797)</u>	<u>(127,116)</u>

..... / Continued

RAPHA FOUNDATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2011

	<i>Note</i>	2011 <i>HK\$</i>	2010 <i>HK\$</i>
<u>Books translation and printing fund</u>			
Donation received		<u>14,745</u>	<u>62,490</u>
<u>Professional counseling subsidy fund</u>			
Donation received		16,500	16,063
Expenditure		<u>(10,000)</u>	<u>(13,200)</u>
		<u>6,500</u>	<u>2,863</u>
<u>Exchange subsidy fund</u>			
Donation received		75,473	81,369
Expenditure		<u>(94,204)</u>	<u>(61,149)</u>
		<u>(18,731)</u>	<u>20,220</u>
<u>Development fund</u>			
Donation received		<u>55,800</u>	<u>14,621</u>
<u>Course subsidy fund</u>			
Donation received		<u>12,918</u>	<u>20,499</u>
<u>Office building fund</u>			
Donation received		<u>196,992</u>	<u>553,000</u>
<u>China ministry fund</u>			
Donation received	9	48,937	214,522
Expenditure	9	<u>(16,021)</u>	<u>(155,056)</u>
		<u>32,916</u>	<u>59,466</u>
<u>Overseas ministry fund</u>			
Donation received		91,591	--
Expenditure		<u>(36,910)</u>	<u>--</u>
		<u>54,681</u>	<u>--</u>
Total comprehensive surplus for the year		<u>301,024</u>	<u>606,043</u>

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, 2011

	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 surplus/ (deficit) HK\$	Total HK\$
At July 1, 2009	66,043	127,694	39,282	105,100	81,898	849,900	208,204	--	10,578	1,488,699
Total comprehensive surplus/(deficit) for the year	62,490	2,863	20,220	14,621	20,499	553,000	59,466	--	(127,116)	606,043
At June 30, 2010	128,533	130,557	59,502	119,721	102,397	1,402,900	267,670	--	(116,538)	2,094,742
Total comprehensive surplus/(deficit) for the year	14,745	6,500	(18,731)	55,800	12,918	196,992	32,916	54,681	(54,797)	301,024
At June 30, 2011	143,278	137,057	40,771	175,521	115,315	1,599,892	300,586	54,681	(171,335)	2,395,766

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

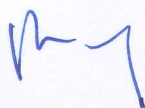
RAPHA FOUNDATION LIMITED

BALANCE SHEET

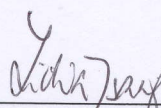
AS AT JUNE 30, 2011

	<i>Notes</i>	2011 <i>HK\$</i>	<i>(Restated)</i> 2010 <i>HK\$</i>
Non current assets			
Property, plant and equipment	<i>10</i>	<u>3,795,654</u>	<u>3,869,346</u>
Current assets			
Inventories		182,742	136,044
Accounts receivable	<i>12</i>	12,758	7,142
Prepayment and deposits		3,500	42,500
Cash and bank balances		<u>812,252</u>	<u>784,172</u>
		<u>1,011,252</u>	<u>969,858</u>
Current liabilities			
Accruals		12,500	8,200
Accounts payable		24,711	8,470
Receipts in advance		1,845	8,095
Bank loan	<i>11</i>	<u>2,272,084</u>	<u>2,369,697</u>
		<u>2,311,140</u>	<u>2,394,462</u>
Net current liabilities		<u>(1,299,888)</u>	<u>(1,424,604)</u>
Non current liabilities			
Loans	<i>13</i>	<u>100,000</u>	<u>350,000</u>
Net assets		<u><u>2,395,766</u></u>	<u><u>2,094,742</u></u>
Reserves			
Accumulated deficit		(171,335)	(116,538)
Books translation and printing fund		143,278	128,533
Professional counseling subsidy fund		137,057	130,557
Exchange subsidy fund		40,771	59,502
Development fund		175,521	119,721
Course subsidy fund		115,315	102,397
Office building fund		1,599,892	1,402,900
China ministry fund	<i>9</i>	300,586	267,670
Overseas ministry fund		<u>54,681</u>	<u>--</u>
		<u><u>2,395,766</u></u>	<u><u>2,094,742</u></u>

Approved and authorised for issue by the Management Committee on December 29, 2012.



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, 2011

	<i>Notes</i>	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Cash flows from operating activities			
Total comprehensive income for the year		301,024	606,043
Adjustments for:			
- Depreciation	5	100,458	95,105
- Bank interest income	5	(110)	(1,287)
Operating surplus before working capital change		401,372	699,861
Increase in inventories		(46,698)	(87,464)
(Increase)/decrease in accounts receivable		(5,616)	26,377
Decrease in prepayment and deposits		39,000	35,676
Increase in accruals		4,300	--
Increase in accounts payable		16,241	8,470
(Decrease)/increase in receipts in advance		(6,250)	1,845
Net cash generated from operating activities		402,349	684,765
Cash flows from financing activities			
(Decrease)/increase in loans		(250,000)	250,000
(Decrease)/increase in bank loan		(97,613)	2,369,697
Net cash (used in)/ generated from financing activities		(347,613)	2,619,697
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(26,766)	(3,953,501)
Interest received		110	1,287
Net cash used in investing activities		(26,656)	(3,952,214)
Net increase/(decrease) in cash and cash equivalents		28,080	(647,752)
Cash and cash equivalents at beginning of the year		784,172	1,431,924
Cash and cash equivalents at end of the year		812,252	784,172
Analysis of cash and cash equivalents			
Cash and bank balances		812,252	784,172

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, 2011

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.

The financial statements have been prepared in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of liabilities over assets. The shareholders have undertaken to make available adequate funds to the Charity as and when required to maintain the Charity as a going concern.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet 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 profit or loss.

Gain or loss arising from the de-recognition of an item of property, plant and equipment is included in 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 balance sheet 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, 2011

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 cash flow statement, 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, accruals and receipts in advance

Accounts payable, accruals and receipts in advance 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, 2011

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 trade discounts and volume 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:

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

Donation income is recognised on the cash basis.

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

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, 2011

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. DEFICIT FOR THE YEAR

	2011 HK\$	2010 HK\$
Deficit for the year is stated at after charging:		
Auditors' remuneration	4,300	4,000
Cost of sales	106,880	95,155
Depreciation	100,458	95,105
Staff costs	<u>474,721</u>	<u>376,720</u>
And after crediting:		
Bank interest income	<u>110</u>	<u>1,287</u>

6. CHARTITY SALES, NET

	Held on February, 19-20, 2011 HK\$	2011 Held on April 9, 2011 HK\$	Total HK\$	2010 HK\$
Income				
Charity sales	<u>6,745</u>	<u>1,841</u>	<u>8,586</u>	--
Expenditure				
Bank charges	50	25	75	--
Rent for premises	200	100	300	--
Transportation expenses	<u>--</u>	<u>115</u>	<u>115</u>	--
	<u>250</u>	<u>240</u>	<u>490</u>	--
	<u>6,495</u>	<u>1,601</u>	<u>8,096</u>	--

RAPHA FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

7. MANAGEMENT COMMITTEES' REMUNERATION

Remuneration of management committees disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	2011 HK\$	2010 HK\$
Fees	--	--
Other emoluments	--	--
	<u>--</u>	<u>--</u>

8. TAXATION

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. (2010: Nil).

9. CHINA MINISTRY FUND

	2011 HK\$	2010 HK\$
Balance at beginning of the year	267,670	208,204
Donation received during the year	48,937	214,522
Expenditure paid during the year	<u>(16,021)</u>	<u>(155,056)</u>
Balance at end of the year	<u>300,586</u>	<u>267,670</u>

The fund is established and maintained for China's course expenditure.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

10. PROPERTY, PLANT AND EQUIPMENT

	Land and Building HK\$	Leasehold Improvement HK\$	Furniture and Fixtures HK\$	Office Equipment HK\$	Total HK\$
Cost					
At July 1, 2009	--	--	--	13,688	13,688
Additions	3,879,630	52,720	2,805	18,346	3,953,501
At June 30, 2010	3,879,630	52,720	2,805	32,034	3,967,189
Accumulated Depreciation					
At July 1, 2009	--	--	--	2,738	2,738
Charge for the year	77,593	10,544	561	6,407	95,105
At June 30, 2010	77,593	10,544	561	9,145	97,843
Carrying amount					
At June 30, 2010	3,802,037	42,176	2,244	22,889	3,869,346

	Land and Building HK\$	Leasehold Improvement HK\$	Furniture and Fixtures HK\$	Office Equipment HK\$	Total HK\$
Cost					
At July 1, 2010	3,879,630	52,720	2,805	32,034	3,967,189
Additions	--	--	--	26,766	26,766
At June 30, 2011	3,879,630	52,720	2,805	58,800	3,993,955
Accumulated Depreciation					
At July 1, 2010	77,593	10,544	561	9,145	97,843
Charge for the year	77,593	10,544	561	11,760	100,458
At June 30, 2011	155,186	21,088	1,122	20,905	198,301
Carrying amount					
At June 30, 2011	3,724,444	31,632	1,683	37,895	3,795,654

The Charity's land and building 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, 2011

11. 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:

	2011 HK\$	2010 HK\$
Bank loan, secured	2,272,084	2,369,697
Less: Amount due within one year	<u>(100,080)</u>	<u>(97,611)</u>
Amount due after one year	<u><u>2,172,004</u></u>	<u><u>2,272,086</u></u>

At June 30, 2011, the Charity's mortgage loan is secured by the Charity's land and building with an aggregate carrying value of HK\$ 3,724,444 (2010: HK\$3,802,037).

12. ACCOUNTS RECEIVABLE

	2011 HK\$	2010 HK\$
Accounts receivable	<u><u>12,758</u></u>	<u><u>7,142</u></u>

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

	2011 HK\$	2010 HK\$
Past due but not impaired:		
Less than 30 days	--	7,142
Over 90 days	<u>12,758</u>	<u>--</u>
At June 30	<u><u>12,758</u></u>	<u><u>7,142</u></u>

13. LOANS

The loans are unsecured, interest free and not repayable within next 12 months.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

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.

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 balance sheet date.

As at June 30, 2011	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 years HK\$	Over 5 years HK\$	Total HK\$
Accruals	12,500	--	--	--	--	12,500
Accounts payable	24,711	--	--	--	--	24,711
Loans	--	--	--	--	100,000	100,000
Bank loan	--	24,786	75,294	539,668	1,632,336	2,272,084
	<u>37,211</u>	<u>24,786</u>	<u>75,294</u>	<u>539,668</u>	<u>1,732,336</u>	<u>2,409,295</u>

As at June 30, 2010	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 years HK\$	Over 5 years HK\$	Total HK\$
Accruals	8,200	--	--	--	--	8,200
Accounts payable	8,470	--	--	--	--	8,470
Loans	--	--	--	--	350,000	350,000
Bank loan	--	24,174	73,437	526,358	1,745,728	2,369,697
	<u>16,670</u>	<u>24,174</u>	<u>73,437</u>	<u>526,358</u>	<u>2,095,728</u>	<u>2,736,367</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.

RAPHA FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

15. FINANCIAL INSTRUMENTS CATEGORIES

	2011 <i>HK\$</i>	2010 <i>HK\$</i>
Financial assets:		
Accounts receivable	12,758	7,142
Deposits	3,500	3,500
Cash and bank balances	<u>812,252</u>	<u>784,172</u>
 Loans and receivables (including cash and cash equipments)	 <u><u>828,510</u></u>	 <u><u>794,814</u></u>
 Financial liabilities:		
Accruals	12,500	8,200
Accounts payable	24,711	8,470
Loans	100,000	350,000
Bank loan	<u>2,272,084</u>	<u>2,369,697</u>
 Financial liabilities at amortised cost	 <u><u>2,409,295</u></u>	 <u><u>2,736,367</u></u>

16. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.