

RAPHA FOUNDATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012



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, 2012

The management committees have pleasure in submitting their report together with the audited financial statements for the year ended June 30, 2012.

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, 2012 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:

Kot Lam Kat Katherine
Tsang Po Yee
Wong Lai Wa
Tsang Sou Wah
Ho Sin Pan Daniel

(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.

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RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES
FOR THE YEAR ENDED JUNE 30, 2012

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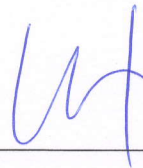
MANAGEMENTS CONTRACTS

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



X

CHAIRMAN

Hong Kong
19 APR 2013



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
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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 set out on pages 5 to 19, which comprise the balance sheet as at June 30, 2012, 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, 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.

..... / To be continued



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.

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, 2012 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

19 APR 2013

RAPHA FOUNDATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2012

	<i>Notes</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Income			
Donation received		58,753	176,506
Training course fee received		759,247	540,020
Training course and event expenses		(169,105)	(57,825)
Training course subsidy		(76,490)	(89,731)
		<u>513,652</u>	<u>392,464</u>
Sales of books, CDs and DVDs		410,018	222,426
Cost of sales	5	(96,833)	(106,880)
		<u>313,185</u>	<u>115,546</u>
Bank interest income	5	304	110
Charity sales, net	6	40	8,096
Exchange difference		2,726	--
Other income		2,250	1,897
		<u>5,320</u>	<u>10,103</u>
Less: Expenditure			
Advertising		6,740	1,580
Auditors' remuneration	5	4,800	4,300
Bank charge		1,526	2,223
Bank loan interest		48,972	57,893
Building management fee		19,284	18,504
Cleaning		6,572	5,784
Computer products		11,162	7,627
Depreciation	5	101,338	100,458
Government rent and rates		495	165
Insurance		1,680	3,801
Local traveling		12,036	6,925
Printing and stationery		10,828	18,038
Postage and courier		1,237	6,808
Provident fund contributions	7	41,564	19,527
Professional fee		3,350	1,700
Repair and maintenance		343	200
Staff costs	5,7	525,438	474,721
Staff welfare & messing		600	393
Sundry expenses		6,802	708
Telephone		2,640	7,487
Utility		12,504	10,574
		<u>819,911</u>	<u>749,416</u>
Surplus/(deficit) for the year	5	<u>70,999</u>	<u>(54,797)</u>

..... / Continued

RAPHA FOUNDATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	HK\$	HK\$
<u>Books translation and printing fund</u>		
Donation received	<u>14,910</u>	<u>14,745</u>
<u>Professional counseling subsidy fund</u>		
Donation received	860	16,500
Expenditure	<u>(4,500)</u>	<u>(10,000)</u>
	<u>(3,640)</u>	<u>6,500</u>
<u>Exchange subsidy fund</u>		
Donation received	85,596	75,473
Expenditure	<u>(77,190)</u>	<u>(94,204)</u>
	<u>8,406</u>	<u>(18,731)</u>
<u>Development fund</u>		
Donation received	<u>108,262</u>	<u>55,800</u>
<u>Course subsidy fund</u>		
Donation received	<u>18,005</u>	<u>12,918</u>
<u>Office building fund</u>		
Donation received	<u>225,200</u>	<u>196,992</u>
<u>China ministry fund</u>		
Donation received	2,687	48,937
Expenditure	<u>(1,400)</u>	<u>(16,021)</u>
	<u>1,287</u>	<u>32,916</u>
<u>Overseas ministry fund</u>		
Donation received	201,123	91,591
Expenditure	<u>(1,782)</u>	<u>(36,910)</u>
	<u>199,341</u>	<u>54,681</u>
Total comprehensive surplus for the year	<u>642,770</u>	<u>301,024</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, 2012

	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, 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
Total comprehensive surplus/(deficit) for the year	14,910	(3,640)	8,406	108,262	18,005	225,200	1,287	199,341	70,999	642,770
At June 30, 2012	158,188	133,417	49,177	283,783	133,320	1,825,092	301,873	254,022	(100,336)	3,038,536

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

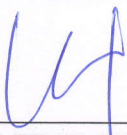
RAPHA FOUNDATION LIMITED

BALANCE SHEET

AS AT JUNE 30, 2012

	<i>Notes</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Non current assets			
Property, plant and equipment	9	<u>3,698,716</u>	<u>3,795,654</u>
Current assets			
Inventories		179,671	182,742
Accounts receivable	11	20,872	12,758
Prepayment and deposits		--	3,500
Cash and bank balances		<u>671,647</u>	<u>812,252</u>
		<u>872,190</u>	<u>1,011,252</u>
Current liabilities			
Accruals		15,402	12,500
Accounts payable		51,652	24,711
Receipts in advance		--	1,845
Other loan	12	100,000	--
Bank loan	10	<u>1,365,316</u>	<u>2,272,084</u>
		<u>1,532,370</u>	<u>2,311,140</u>
Net current liabilities		<u>(660,180)</u>	<u>(1,299,888)</u>
Total assets less current liabilities		<u>3,038,536</u>	<u>2,495,766</u>
Non current liabilities			
Loans	12	<u>--</u>	<u>100,000</u>
Net assets		<u><u>3,038,536</u></u>	<u><u>2,395,766</u></u>
Reserves			
Accumulated deficit		(100,336)	(171,335)
Books translation and printing fund		158,188	143,278
Professional counseling subsidy fund		133,417	137,057
Exchange subsidy fund		49,177	40,771
Development fund		283,783	175,521
Course subsidy fund		133,320	115,315
Office building fund		1,825,092	1,599,892
China ministry fund		301,873	300,586
Overseas ministry fund		<u>254,022</u>	<u>54,681</u>
		<u><u>3,038,536</u></u>	<u><u>2,395,766</u></u>

Approved and authorised for issue by the Management Committee on 19 APR 2013


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, 2012

	<i>Notes</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Cash flows from operating activities			
Total comprehensive income for the year		642,770	301,024
Adjustments for:			
- Depreciation	5	101,338	100,458
- Bank loan interest	5	48,972	57,893
- Bank interest income	5	(304)	(110)
Operating surplus before working capital change		792,776	459,265
Decrease/(increase) in inventories		3,071	(46,698)
Increase in accounts receivable		(8,114)	(5,616)
Decrease in prepayment and deposits		3,500	39,000
Increase in accruals		2,902	4,300
Increase in accounts payable		26,941	16,241
Decrease in receipts in advance		(1,845)	(6,250)
Net cash generated from operating activities		819,231	460,242
Cash flows from financing activities			
Bank loan interest paid		(48,972)	(57,893)
Decrease in loans		--	(250,000)
Decrease in bank loan		(906,768)	(97,613)
Net cash used in financing activities		(955,740)	(405,506)
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,400)	(26,766)
Interest received		304	110
Net cash used in investing activities		(4,096)	(26,656)
Net (decrease)/increase in cash and cash equivalents		(140,605)	28,080
Cash and cash equivalents at beginning of the year		812,252	784,172
Cash and cash equivalents at end of the year		671,647	812,252
Analysis of cash and cash equivalents			
Cash and bank balances		671,647	812,252

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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/(DEFICIT) FOR THE YEAR

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Surplus/(deficit) for the year is stated at after charging:		
Auditors' remuneration	4,800	4,300
Cost of sales	96,833	106,880
Depreciation	101,338	100,458
Staff costs	525,438	474,721
Bank loan interest	48,972	57,893
	<u> </u>	<u> </u>
And after crediting:		
Bank interest income	304	110
	<u> </u>	<u> </u>

6. CHARTITY SALES, NET

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Income		
Charity sales	40	8,586
	<u> </u>	<u> </u>
Expenditure		
Bank charges	--	75
Rent for premises	--	300
Transportation expenses	--	115
	<u> </u>	<u> </u>
	--	490
	<u> </u>	<u> </u>
	40	8,096
	<u> </u>	<u> </u>

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

7. STAFF COSTS AND MANAGEMENT COMMITTEES' REMUNERATION

	2012 HK\$	2011 HK\$
Salaries and allowances	525,438	474,721
Provident fund contributions	41,564	19,527
	<u>567,002</u>	<u>494,248</u>

MANAGEMENT COMMITTEES' REMUNERATION

None of the management committees received any remuneration in respect of their services rendered for the year (2011: 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 (2011: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	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	<u>3,879,630</u>	<u>52,720</u>	<u>2,805</u>	<u>58,800</u>	<u>3,993,955</u>
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	<u>155,186</u>	<u>21,088</u>	<u>1,122</u>	<u>20,905</u>	<u>198,301</u>
Carrying amount					
At June 30, 2011	<u>3,724,444</u>	<u>31,632</u>	<u>1,683</u>	<u>37,895</u>	<u>3,795,654</u>

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and Building HK\$	Leasehold Improvement HK\$	Furniture and Fixtures HK\$	Office Equipment HK\$	Total HK\$
Cost					
At July 1, 2011	3,879,630	52,720	2,805	58,800	3,993,955
Additions	--	--	--	4,400	4,400
At June 30, 2012	3,879,630	52,720	2,805	63,200	3,998,355
Accumulated depreciation					
At July 1, 2011	155,186	21,088	1,122	20,905	198,301
Charge for the year	77,593	10,544	561	12,640	101,338
At June 30, 2012	232,779	31,632	1,683	33,545	299,639
Carrying amount					
At June 30, 2012	3,646,851	21,088	1,122	29,655	3,698,716

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

10. 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:

	2012 HK\$	2011 HK\$
Bank loan, secured	1,365,316	2,272,084
Less: Amount due within one year	(123,011)	(100,080)
Amount due after one year	1,242,305	2,172,004

At June 30, 2012, the Charity's mortgage loan is secured by the Charity's land and building with an aggregate carrying value of HK\$3,646,851 (2011: HK\$3,724,444).

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

11. ACCOUNTS RECEIVABLE

	2012 HK\$	2011 HK\$
Accounts receivable	<u>20,872</u>	<u>12,758</u>
At June 30, the aging analysis of accounts receivable that are neither individually nor collectively considered to be impaired is as follows:		
	2012 HK\$	2011 HK\$
Past due but not impaired:		
Less than 30 days	--	--
Over 90 days	<u>20,872</u>	<u>12,758</u>
At June 30	<u>20,872</u>	<u>12,758</u>

12. LOANS

The loans are unsecured, interest free and repayable on demand (2011: not repayable within next 12 months).

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.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

13. 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 balance sheet date.

As at June 30, 2012	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	15,402	--	--	--	--	15,402
Accounts payable	51,652	--	--	--	--	51,652
Loans	100,000	--	--	--	--	100,000
Bank loan	--	30,465	92,546	523,950	718,355	1,365,316
	<u>167,054</u>	<u>30,465</u>	<u>92,546</u>	<u>523,950</u>	<u>718,355</u>	<u>1,532,370</u>

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>

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, 2012

14. FINANCIAL INSTRUMENTS CATEGORIES

	2012	2011
	HK\$	HK\$
Financial assets:		
Accounts receivable	20,872	12,758
Deposits	--	3,500
Cash and bank balances	<u>671,647</u>	<u>812,252</u>
Loans and receivables (including cash and cash equipments)	<u>692,519</u>	<u>828,510</u>
Financial liabilities:		
Accruals	15,402	12,500
Accounts payable	51,652	24,711
Loans	100,000	100,000
Bank loan	<u>1,365,316</u>	<u>2,272,084</u>
Financial liabilities at amortised cost	<u>1,532,370</u>	<u>2,409,295</u>