

# HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED

## REPORT OF THE EXECUTIVE COMMITTEE MEMBERS

The executive committee members herein present their report and the audited financial statements for the year ended 31 March 2016.

### PRINCIPAL ACTIVITY

The principal activities of the Company continued to be elevation of the standard of care for arthritic and rheumatic conditions and provision of care services for patients suffering from arthritic and rheumatic conditions in Hong Kong and mainland China.

### RESULTS

The Company's result for the year ended 31 March 2016 and its state of affairs at that date are set out in the financial statements on pages 5 to 11.

### BUSINESS REVIEW

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

### SHARE CAPITAL

The Company is limited by guarantee and does not have a share capital. The liability of each individual member is limited to HK\$50.

### EXECUTIVE COMMITTEE MEMBERS

The names of persons who were the committee members of the Company during the period beginning with the end of the financial year and ending on the date of this report are as follow:

Chan Tak Hin	(Chairman)	
Chan Kar Lok	(Vice Chairman)	(re-elected on 29 January 2016 )
Lee Ka Wing, Gavin	(Vice Chairman)	
Kwok Stanley	(Honorary Treasurer)	(re-elected on 29 January 2016 )
Ng Kam Hung, Daniel	(Honorary Secretary)	
Cheung Wai Han, Elsa	(Honorary Legal Adviser)	(re-elected on 29 January 2016 )
Chan King Chu		
Cheng Hang Cheong		
Cheng Pauline		
Ho On Tat, Andy		(re-elected on 29 January 2016 )
Lee Ka Yan, David		
Leung Yee Mei, Christine		(re-elected on 29 January 2016 )
Mok Mo Yin, Temy		(re-elected on 29 January 2016 )

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**REPORT OF THE EXECUTIVE COMMITTEE MEMBERS**

**EXECUTIVE COMMITTEE MEMBERS** (continued)

In accordance with the Articles 40, 49 & 50 of Company's Articles of Association, the term of office for executive committee member shall be two years, and one third of the executive committee members shall retire, and being eligible, offer themselves for re-election at the annual general meeting in every two years. The number of the executive committee members should be no less than 6 and no more than 20.

**EXECUTIVE COMMITTEE MEMBERS' INTERESTS**

No contracts of significance to which the Company was a party and in which a executive committee member had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangements to enable the executive committee members of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**APPROVAL OF DIRECTORS' REPORT**

This report was approved by the Directors on 13 January 2017.

On behalf of the Board

Chairman  
Hong Kong

**LEE TIN WAI CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)**

3/F, May Gar Commercial Building, 288 Reclamation Street, Kowloon, Hong Kong

Telephone: 2139 2344 Mobile: 9167 0770 Fax: 3522 3598

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**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF**  
**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
(Incorporated in Hong Kong with limited guarantee)

***Report on the financial statements***

I have audited the financial statements of Hong Kong Arthritis & Rheumatism Foundation Limited set out on pages 5 to 11, which comprise the statement of financial position as at 31 March 2016, the income statement for the year ended 31 March 2016, and a summary of significant accounting policies and other explanatory notes.

***Directors' responsibility for the financial statements***

The Directors are responsible for the preparation of financial statements in accordance with the SME-FRS and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's responsibility***

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

I conducted my audit in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the SME-FRS" issued by the HKICPA. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

**LEE TIN WAI CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)**

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**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF**  
**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
(Incorporated in Hong Kong with limited guarantee)

*Auditor's responsibility (continued)*

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 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 Directors, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In my opinion the financial statements of the Company for the year ended 31 March 2016 are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Lee Tin Wai Certified Public Accountants (practising)  
Hong Kong  
13 January 2017

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED****INCOME STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2016

	<b>2016</b>	2015
	<b>HK\$</b>	HK\$
<b>INCOME</b>		
Book sales	<b>370</b>	3,180
Dividend income	-	5,220
Donation income	<b>207,740</b>	70,170
Donation income from Jockey Club	-	471,314
Hydrotherapy income	<b>248,170</b>	210,705
Gain on disposal of available-for-sale financial assets	-	40,786
OSC Project income	<b>1,134,560</b>	30,890
Sponsorship income	<b>3,194,000</b>	887,180
Sundry income	<b>113,731</b>	146,087
	<b><u>4,898,571</u></b>	<u>1,865,532</u>
<b>EXPENSES</b>		
Activities expenses	<b>535,113</b>	231,946
Bank charges	<b>240</b>	690
Books production costs	<b>62,545</b>	-
Cleaning	<b>20,300</b>	17,394
OSC Project expenses	<b>575,969</b>	541,244
Depreciation	<b>286,032</b>	286,032
DVD Production costs	<b>1,477</b>	170,000
Grant to patients	<b>237,253</b>	306,124
Insurance	<b>13,626</b>	3,750
Mandatory provident fund	<b>28,184</b>	32,141
Professional fee	-	19,378
Printing and postage	<b>93,825</b>	125,166
Public education expenses	<b>137,000</b>	63,000
Rent and rates	<b>205,520</b>	153,420
Repairs and maintenance	<b>15,050</b>	20,710
Salaries and allowances	<b>597,295</b>	574,800
Sundry expenses	<b>27,922</b>	10,560
Travelling	<b>874</b>	2,511
Telecommunications	<b>13,574</b>	18,328
Utilities expenses	<b>13,490</b>	13,653
	<b><u>2,865,289</u></b>	<u>2,590,847</u>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b><u><u>2,033,281</u></u></b>	<u><u>(725,315)</u></u>

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED****STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2016

	Notes	2016 HK\$	2015 HK\$
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	300,074	586,106
Available-for-sale financial assets	6	-	-
		<u>300,074</u>	<u>586,106</u>
<b>CURRENT ASSETS</b>			
Deposits and other receivables		41,600	41,600
Cash and bank balances		3,238,625	944,450
		<u>3,280,225</u>	<u>986,050</u>
<b>CURRENT LIABILITIES</b>			
Accruals and other payables		14,314	39,451
		<u>14,314</u>	<u>39,451</u>
<b>NET CURRENT ASSETS</b>		<u>3,265,912</u>	<u>946,599</u>
<b>NET ASSETS</b>		<u>3,565,985</u>	<u>1,532,705</u>
<b>Represented by:</b>			
Reserve		37,159	37,159
Accumulated surplus		3,528,826	1,495,546
		<u>3,565,985</u>	<u>1,532,705</u>

Approved by the Board of Executive Committee Members

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Chairman

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Executive Committee member

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Reserve HK\$	Accumulated surplus HK\$	Total HK\$
At 31 March 2014	37,159	2,220,861	2,258,020
Deficit for the year	-	(725,315)	(725,315)
At 31 March 2015	37,159	1,495,546	1,532,705
Surplus for the year	-	2,033,281	2,033,281
<b>At 31 March 2016</b>	<b><u>37,159</u></b>	<b><u>3,528,826</u></b>	<b><u>3,565,985</u></b>

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1) GENERAL INFORMATION**

*Principal place of business*

Hong Kong Arthritis & Rheumatism Foundation Limited ("the Foundation") is a company incorporated in Hong Kong with limited guarantee. The registered office of the Foundation is located at Room 103-106, G/F, Nam Wai House, Nam Shan Estate, Shamshuipo, Kowloon, Hong Kong.

**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

The company qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants

These financial statements comply with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern

The measurement base adopted is the historical cost convention.

The presentation currency is Hong Kong Dollars.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

**Revenue recognition**

Provided it is probable that the economic benefits associated with a transaction will flow to the company and the revenue and costs, if applicable, can be measured reliably, turnover and other revenue are recognised on the following bases:

- (a) Book sales, when the significant risks and rewards of ownership have been transferred to the buyer; and
- (b) Activity income, donation income, hydrotherapy income, sponsorship income and project income are recognised when cash is received and includes all sums received up to the date of statement of financial position.



**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Property, plant and equipment**

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, 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 at 20% per annum.

The Foundation 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 Foundation 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.

**Available for sale financial assets**

Available for sale financial assets are non-derivative that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of the financial position.

**Employee benefits**

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the date of statement of financial position.

**Operating leases**

Lease where substantially all the benefits and risks of the ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement as incurred.

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2016

**3) EXECUTIVE COMMITTEE MEMBERS' REMUNERATION**

No remuneration of the executive committee members (including former directors and shadow directors) of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation were accrued or paid in regard of the year (2015: nil)

**4) TAX**

No Hong Kong profit tax has been provided as the Foundation is exempted from tax under Section 88 of the Inland Revenue Ordinance (2015: nil).

**5) PROPERTY, PLANT AND EQUIPMENT**

	Leasehold improvements HK\$	Plant and equipment HK\$	Total HK\$
<i>COST</i>			
At 1.4.2015	1,139,215	290,943	1,430,158
Additions	-	-	-
<b>At 31.3.2016</b>	<b>1,139,215</b>	<b>290,943</b>	<b>1,430,158</b>
<i>ACCUMULATED DEPRECIATION</i>			
At 1.4.2015	669,485	174,567	844,052
Depreciation for the year	227,843	58,189	286,032
<b>At 31.3.2016</b>	<b>897,328</b>	<b>232,756</b>	<b>1,130,084</b>
<i>NET BOOK VALUE</i>			
<b>At 31.3.2016</b>	<b>241,887</b>	<b>58,187</b>	<b>300,074</b>
At 31.3.2015	469,730	116,376	586,106

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2016

**6) AVAILABLE-FOR-SALES FINANCIAL ASSETS**

	<b>2016</b>	<b>2015</b>
	<b>HK\$</b>	<b>HK\$</b>
Listed shares, at fair value		
Opening figure	-	784,000
Disposal	-	(784,000)
	-	-
Closing figure	-	-

Fair value for this security has been determined by reference to their quoted bid prices at the end of the reporting period in an active market.

**7) OPERATING LEASE COMMITMENT**

At the date of statement of financial position, the Company had the following commitments payable in the next year under operating lease in respect of rented premise:

	<b>2016</b>	<b>2015</b>
	<b>HK\$</b>	<b>HK\$</b>
Operating leases which expire:		
Within one year	<b>217,000</b>	197,500
In the second to fifth years, inclusive	<b>92,500</b>	309,500
	<b>309,500</b>	507,000
	<b>309,500</b>	507,000

**8) APPROVAL AND ISSUE OF FINANCIAL STATEMENTS**

The statement of financial position was approved and the financial statements were authorised for issue by the directors on 13 January 2017.