

Report of the directors and financial statements

IDEA Foundation Limited

For the period from 11 April 2012 (date of incorporation) to 30
September 2013



Ascenda **CACHET**

天|健|德|揚

Ascenda Cachet CPA Limited
天健德揚會計師事務所有限公司

IDEA FOUNDATION LIMITED

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IDEA FOUNDATION LIMITED

REPORT OF THE DIRECTORS

The directors present the first report and the audited financial statements for the period from 11 April 2012 (date of incorporation) to 30 September 2013.

Principal activities

IDEA Foundation Limited (the "Association") is a non-profit-making organisation incorporated and domiciled in Hong Kong on 11 April 2012 with liabilities limited by guarantee. The principal activities of the Association consisted of advancement of education in Hong Kong and elsewhere in the world, promoting advance education, especially in the field of design, creativity and vocational training; providing vocational, design, creativity and other educational programmes to children in developing countries.

Results and appropriation

The surplus of the Association for the period from 11 April 2012 (date of incorporation) to 30 September 2013 and its state of affairs as at 30 September 2013 are set out in the Association's financial statements on pages 5 to 12. Clause 7 of the Association's Memorandum of Association forbids the distribution of the Association's income and property to the Association's members.

Directors

The directors during the period and up to the date of this report were:

Wong Kin Ming 王建明	(appointed on 11 April 2012)
Lui Wai Ching 雷煒程	(appointed on 11 April 2012)
Leung Sin Ying 梁善瑩	(appointed on 11 April 2012)
Ma Ka Yi 馬家怡	(appointed on 11 April 2012)
Poon Wing Chi 潘詠芝	(appointed on 11 April 2012)

In accordance with article 38 of the Association's articles of association, all directors shall retire from the Board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Association did not enter into any contract, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Association.

Directors' interests

At no time during the year was the Association or a party to any arrangement to enable the Association's directors to acquire benefits by means of the acquisition of shares in or debentures of the Association or any other body corporate.

Directors' interest in contracts

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Association to which the Association or its subsidiary was a party during the year.

IDEA FOUNDATION LIMITED

REPORT OF THE DIRECTORS

Auditors

Ascenda Cachet CPA Limited were appointed by the directors as the first auditors of the Association, Ascenda Cachet CPA Limited retire and a resolution for their reappointment as auditors of the Association will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read "Joseph Leung". The signature is written in a cursive style with a large initial "J".

.....
Director

Hong Kong
1 June 2015

Independent Auditors' Report
To the members of IDEA Foundation Limited
(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of IDEA Foundation Limited (the "Association") set out on pages 5 to 12, which comprise statement of financial position as at 30 September 2013, the statement of profit or loss and comprehensive income and the statement of cash flows for the period from 11 April 2012 (date of incorporation) to 30 September 2013, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Association are responsible for the preparation of 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 ("HKICPA") 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 141 to the predecessor Hong Kong Companies Ordinance (Cap. 32), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. 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.

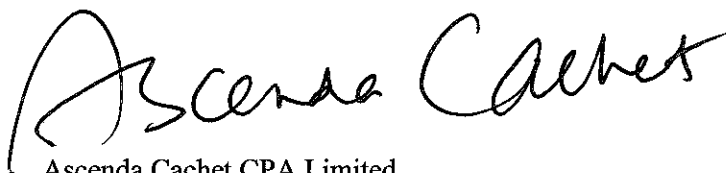
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the 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 directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Association as at 30 September 2013, and of its surplus and cash flows for the period from 11 April 2012 (date of incorporation) to 30 September 2013 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the predecessor Hong Kong Companies Ordinance (Cap. 32).



Ascenda Cachet CPA Limited
Certified Public Accountants

Chan Yuk Sim
Practising Certificate Number P05916

Hong Kong
1 June 2015

IDEA FOUNDATION LIMITED

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

Period from 11 April 2012 (date of incorporation) to 30 September 2013

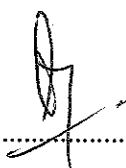
	Notes	HK\$
INCOME		
Program income		479,840
Donations		317,915
Other income	3	<u>53,867</u>
		<u>851,622</u>
EXPENDITURES		
Audit fee		5,000
Accommodation fee		57,120
Administrative expenses		3,340
Exchange loss		209
Food and beverages		36,390
Installation, interior design and construction costs		195,744
Insurance		15,846
Operating cost of IDEA school		11,236
Other program costs		22,350
Printing and publication fees		17,194
Transportation expenses		319,497
Venue rental expenses		<u>3,767</u>
		<u>687,693</u>
SURPLUS BEFORE TAX		163,929
Income tax expense	5	<u>-</u>
SURPLUS FOR THE YEAR		<u><u>163,929</u></u>

IDEA FOUNDATION LIMITED

STATEMENT OF FINANCIAL POSITION

30 September 2013

	2013 HK\$
CURRENT ASSET	
Cash and bank balances	<u>178,921</u>
CURRENT LIABILITIES	
Accounts payable	9,992
Accruals	<u>5,000</u>
Total current liabilities	<u>14,992</u>
NET CURRENT ASSETS	<u>163,929</u>
NET ASSETS	<u><u>163,929</u></u>
REPRESENTED BY:	
Surplus	<u><u>163,929</u></u>



.....
Poon Wing Chi
Director



.....
Leung Sin Ying
Director

IDEA FOUNDATION LIMITED

STATEMENT OF CASH FLOWS

Period from 11 April 2012 (date of incorporation) to 30 September 2013

	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Surplus before tax	163,929
Increase in accounts payable	9,992
Increase in accruals	<u>5,000</u>
Net cash flows generated from operating activities	<u>178,921</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>178,921</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	<u><u>178,921</u></u>

IDEA FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

30 September 2013

1. CORPORATION INFORMATION

IDEA Foundation Limited (the “Association”) is a company incorporated in Hong Kong with liabilities limited by guarantee. In the event of the winding up of the Association, members of the Association and those persons who cease to be a member within one year shall have to contribute an amount not exceeding HK\$100 per member for the settlement of the Association’s liabilities. All income and property of the Association shall be applied solely towards the promotion of the objects of the Association and cannot be distributed to the members of the Association.

The registered office of the Association is 10/F, Daily House, 35-37 Haiphong Road, Tsim Sha Tsui, Kowloon.

The principal activities are advancement of education in Hong Kong and elsewhere in the world, promoting advance education, especially in the field of design, creativity and vocational training; providing vocational, design, creativity and other educational programmes to children in developing countries.

2.1 BASIS OF PRESENTATION AND PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the predecessor Hong Kong Companies Ordinance (Cap. 32). The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars (“HK\$”).

The preparation of financial statements in conformity with HKFRSs requires directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

IDEA FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

30 September 2013

2.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Association has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective for the accounting period ended 31 March 2014, in these financial statements. Among the new and revised HKFRSs, the following are expected to be relevant to the Association's financial statements upon becoming effective:

HKFRS 9	Financial Instruments ³
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ¹
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014 ²
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014 ²

¹ *Effective for annual periods beginning on or after 1 January 2014*

² *Effective for annual periods beginning on or after 1 July 2014*

³ *Effective for annual periods beginning on or after 1 January 2018*

The Association is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Association considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the requirements of Part 9 "Account and Audit" of the Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Association's first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance. The Association is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the financial statements.

IDEA FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

30 September 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related Parties

A party is considered to be related to the Association if:

- (a) the party is a person or a close member of that person's family and that person,
 - (i) has control or joint control over the Association;
 - (ii) has significant influence over the Association; or
 - (iii) is a member of the key management personnel of the Association or of a parent of the Association;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Association are members of the same Association;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Association are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Financial instruments

The Association classifies its financial instruments into the following categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. Purchases and sales of the financial assets are recognised using trade date accounting.

(a) Financial assets

The Association's financial assets include cash and bank balances. The financial assets are classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Any changes in their value are recognised in the income statement.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Association will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

IDEA FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

30 September 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(b) Financial liabilities

The Association's financial liabilities include accounts payable and accruals. Financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturity of three months or less when acquired, less bank overdrafts.

Income recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue is recognised in statement of income and expenditure provided it is probable that the economic benefits will flow to the Association and the revenue can be measured reliably, as follows:

- (i) Program income is recognised when amount is received;
- (ii) Donation is recognised when amount is received;
- (iii) Interest income is recognised using the effective interest method;
- (iv) Project management fee is recognised when service has been rendered; and
- (v) Revenue from sales of goods is recognised on the transfer of the significant risks and rewards of ownership of the goods.

IDEA FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

30 September 2013

3. OTHER INCOME

An analysis of other income is as follows:

	Period from 11 April 2012 (date of incorporation) to 30 September 2013 HK\$
Project management fee	52,337
Gain on sales of booklets and souvenirs	<u>1,530</u>
	<u>53,867</u>

4. DIRECTORS' REMUNERATION

No director received any fees or emoluments in respect of their services rendered to the Association during the period.

5. INCOME TAX

No provision for Hong Kong profits tax has been made by the Association as the Association is exempted for tax under section 88 of Inland Revenue Ordinance.

6. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Association financial assets and liabilities comprised cash and bank balances, accounts payable and accruals.

The main risk arising from the Association's financial instruments are credit risk and liquidity risk.

Credit risk

The Association's credit risk is primarily attributable to cash and bank balances. All the bank balances were made with financial institutions with high-credit quality.

Liquidity risk

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

7. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 1 June 2015.