

**GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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**GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE DIRECTORS**

The directors submit herewith their report and the audited financial statements of Grace Charity Foundation Limited (the "Association") for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Association during the year are engaged in fund raising to support school premises' construction, assistance to pupils' schooling, financial assistance to the teachers and the poor, and financial support to medical operations in Guizhou and other remote areas in the People's Republic of China.

STATE OF AFFAIRS AND APPROPRIATIONS

The results of the Association for the year ended 31 March 2015 and the state of the Association's affairs as at that date are set out in the annexed audited financial statements.

FUNDS

Movements in funds during the year are set out in the statement of changes in funds annexed to the financial statements.

BUSINESS REVIEW

Origin

In 1994, a group of volunteers participated in helping the affected people after a devastating flood in southern China. Upon discovering the poor living conditions in the flooded areas, the volunteers established a school in Guangxi province in an effort to improve education conditions so as to raise local standards of living eventually.

Later Development

Over ten years spanning from 1994 to 2004, thanks to the generous support of individuals and organizations, our volunteers helped establish almost 400 schools in remote areas of Guangxi, Yunnan, Jiangxi, Shaanxi and Guizhou provinces.

Starting from 1997, focus has been on Guizhou, China's poorest province, helping to establish schools and subsidizing financially struggling students.

In order to work more effectively, Grace Charity Foundation Ltd. was founded by our volunteers in December 2000. (Inland Revenue Tax Exemption File No. 91/6177)

**GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE DIRECTORS (CONTINUED)**

BUSINESS REVIEW (CONTINUED)

From 2000 to 2014, our organization has supported the following projects:

- Subsidizing building of schools and dormitories - over 1,262
- Subsidizing building of medical stations and clinics - 272
- Aiding Students attending Senior Secondary Schools - 20,301
- Aiding Students attending Teacher Education Institutes - 6,464
- Aiding Students attending Tertiary Education Institutions - 5,123
- Aiding Students in Orphanages and those with special hardship - 9,371
- Helping unqualified Teachers with special hardship - 1,668
- Helping Elderly living alone and in 13 elderly homes - 129 individuals
- Aiding Primary and Junior Secondary Students in Poverty - 16,729 (This item was terminated in 2007 due to new government policy of free education.)
- Donating library books to Schools - 1,468 schools
- Assisting establishment of Community libraries - 19
- Subsidizing Water cellars - 2,790
- Subsidizing Water supply projects - 4
- Disaster relief - Re-establishing ruined schools - 3

Our Belief

Without discussing politics or religion, we wholeheartedly strive to contribute to the establishment of educational facilities in the underprivileged regions of China.

We welcome altruistic contributions as we try to assist the poor in helping themselves; while trying to raise the quality of life of others, we enrich our own lives with the experience.

Our Promises

1. We are responsible for the allocation and usage of the donated money and we will make sure that it is fully utilized on the designated projects. Money collected for selected projects will be spent specifically on those projects.
2. There is no charge on administrative expenses, or on site visits. Our volunteer team members paid for their own touring expenses; the donated money is not spent on such activities, unless specified by certain donors. Donors are welcome to take part in such activities (e.g. visiting schools, attending foundation-stone laying ceremonies, attending opening ceremonies of new schools, etc.) provided they finance themselves.

**GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE DIRECTORS (CONTINUED)**

BUSINESS REVIEW (CONTINUED)

Main services

- Construction of teaching and multi-purpose buildings and dormitories
- Aid to students
- Book donations
- Community care
- Construction of medical stations, clinics and water supply facilities
- Disaster relief and other charity activities

Recent Development

- Establishment of 『Serve Hong Kong Group』

In recent years, the expansion of the network of volunteers has led to the steady increase in their number, among them many enthusiastic youth. They are dedicated to support charity activities locally and organized new fundraising events. Responding to this new trend of development, “Serve Hong Kong Group” was set up in early 2014. The group aims at supporting the underprivileged groups and other charity services in Hong Kong.

- To provide electrical appliances and furniture to low-income families, single-parents, and new immigrants.
- To collect items in good condition, and donate them to charity organizations or people in need.
- To provide underprivileged groups with information about community events. The groups are encouraged to participate in activities to broaden their horizon and build up self-confidence.
- To visit elderly people with love and care through chatting and listening with patience.
- To support community festive events to promote community harmony.
- Supervisory measures

We subject ourselves to the following:

Delegate mainland officials as supervisors

Sign Terms of Agreement with beneficiaries

Donors receive receipts and reports with photos presented by the beneficiaries

Thank-you letters to donors by students obtaining aid from Grace Charity.

Spot check visits made by volunteers of Grace Charity

Accounts audited by certified public accountants in Hong Kong

**GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE DIRECTORS (CONTINUED)**

DIRECTORS

The directors who held the office during the year and up to the date of this report were:

CHOW Tak Fung
FUNG Wai Yin
KAN Yiu Kwong
LAM Chiu Kow, Frank
LAU Pak Hun
LAU Yat Sing
LI Yin Sang
LUK Mo Ping
LUK Ying Pui, Natalie
TANG Kin Kay
WONG Mei Yee, Brenda
YUE Charm Ying

In accordance with Article 36 and 40 of the Association's Articles of Association, all directors shall retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to which the Association's activities to which the Association was a party and in which a director of the Association has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Association, a party to any arrangement to enable the directors of the Association (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in or debentures of the Association or its associated corporation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or existed during the year.

**GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE DIRECTORS (CONTINUED)**

AUDITOR

The financial statements have been audited by Chan & Kwok CPA Limited who retire and, being eligible, offer themselves for re-appointment in the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



KAN Yiu Kwong

Chairman

Hong Kong

Date: 14 December 2015



陳郭會計師事務所有限公司
Chan & Kwok CPA Limited

九龍佐敦庇利金街8號百利金商業中心10樓 電話：2311 4655 傳真：2721 5356
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GRACE CHARITY FOUNDATION LIMITED**

(Incorporated in Hong Kong with limited liability by guarantee)

Report on the Financial Statements

We have audited the financial statements of Grace Charity Foundation Limited (the "Association") set out on pages 8 to 19, which comprise the Statement of Financial Position as at 31 March 2015, and the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Funds and the Statement of Cash Flows for the year then ended, 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 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

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 405 to 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 this 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 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.

continued / ...



陳郭會計師事務所有限公司
Chan & Kwok CPA Limited

九龍佐敦庇利金街8號百利金商業中心10樓 電話：2311 4655 傳真：2721 5356
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GRACE CHARITY FOUNDATION LIMITED**
(Incorporated in Hong Kong with limited liability by guarantee)

... / *continued*

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 March 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Companies Ordinance.

Chan & Kwok CPA Limited
Certified Public Accountants (Practising)
Engagement Director – Kwok Lai Ngor
Practicing Certificate Number: P04322
Hong Kong, 14 December 2015

GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2015
(Expressed in Hong Kong Dollars)

	Note	2015 \$	2014 \$
Income			
Donation received			
Construction reserve		15,931,230	11,454,728
Schooling and students assistance		11,122,045	10,685,589
Poverty relief		669,438	1,553,722
Teaching equipment and library books		1,768,335	1,681,144
General activities		756,907	288,951
		<u>30,247,955</u>	<u>25,664,134</u>
Bank interest income		617,069	436,376
Total income		<u>30,865,024</u>	<u>26,100,510</u>
Expenditure			
Donation utilised			
Construction reserve		16,005,104	11,414,912
Schooling and students assistance		12,066,757	10,452,888
Poverty relief		499,464	1,470,761
Teaching equipment and library books		1,423,730	1,830,675
Earthquake relief		-	838,500
General activities		748,508	123,743
		<u>30,743,563</u>	<u>26,131,479</u>
Exchange loss		9,864	92,149
Office administration expenditure	6	160,762	150,086
Total expenditure		<u>30,914,189</u>	<u>26,373,714</u>
Deficit for the year		<u>(49,165)</u>	<u>(273,204)</u>


The annexed notes form an integral part of these financial statements.

GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015
(Expressed in Hong Kong Dollars)

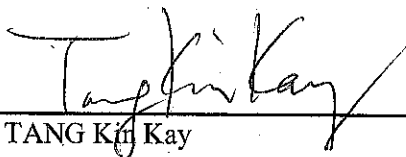
	Note	2015 \$	2014 \$
Current Assets			
Other receivables		9,713	36,691
Bank fixed deposits		22,692,889	20,653,642
Cash and bank balances		6,881,483	7,804,520
		<u>29,584,085</u>	<u>28,494,853</u>
Less: Current Liabilities			
School construction payables		13,090,600	11,060,799
Clinic construction payables		2,519,175	3,368,787
Accrual		10,000	20,000
Temporary receipt from donors	10	5,000,248	5,032,040
		<u>20,620,023</u>	<u>19,481,626</u>
NET ASSETS		<u>8,964,062</u>	<u>9,013,227</u>
RESERVES			
Specific funds	11	<u>8,964,062</u>	<u>9,013,227</u>

The annexed notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 14 December 2015.



KAN Yiu Kwong
 Director



TANG Kin Kay
 Director

GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2015
(Expressed in Hong Kong Dollars)

	Construction reserve		Schooling and students assistance		Poverty relief		Teaching equipment and library books		An egg campaign babies projects		Save the blue Earthquake relief projects		Administration		Total	
	\$		\$		\$		\$		\$		\$		\$			\$
Balance at 1 April 2013	1,601,715		2,777,729		948,294		1,363,050		491,969		217,055		-		1,886,619	9,286,431
Re-classification	-		-		(948,294)		-		-		-		948,294		-	-
Re-classification from an egg a child campaign fund	-		-		491,969		-		(491,969)		-		-		-	-
Re-classification from save the blue babies projects fund	-		-		-		-		-		(217,055)		-		-	-
Surplus / (deficit) for the year	39,816	(310,645)	82,961	(149,531)	-	-	(295,154)	-	359,349	-	653,140	-	2,245,968	-	(273,204)	
Balance at 31 March 2014	1,641,531	2,467,084	791,985	1,213,519	-	-	653,140	-	2,245,968	-	454,842	-	9,013,227	-	(49,165)	
(Deficit) / Surplus for the year	(73,874)	(944,712)	169,974	344,605	-	-	-	-	-	-	-	-	454,842	-	(49,165)	
Balance at 31 March 2015	1,567,657	1,522,372	961,959	1,558,124	-	-	653,140	-	2,700,810	-	8,964,062	-	8,964,062	-	8,964,062	

GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015
(Expressed in Hong Kong Dollars)

	Note	<u>2015</u>	<u>2014</u>
		\$	\$
Cash flows from operating activities			
Cash receipts from donors for construction projects		15,931,230	11,454,728
Cash receipts from donors for schooling and students assistance		11,122,045	10,468,372
Cash receipts from donors for poverty relief		669,438	1,553,722
Cash receipts from donors for teaching equipment and library books		1,768,335	1,681,144
Cash receipts from earthquake relief		-	543,346
Cash receipts from donors for general donation		756,907	288,951
Cash paid for construction reserve		(14,824,915)	(15,791,879)
Cash paid for schooling and students assistance		(12,098,549)	(10,943,467)
Cash paid for poverty relief		(499,464)	(1,470,761)
Cash paid for purchase of teaching equipment and library books		(1,423,730)	(1,830,675)
Cash paid for earthquake relief		-	(838,500)
Cash paid for general activities		(721,530)	(123,743)
Cash paid for administration expenses		(170,762)	(140,086)
Exchange gains		(9,864)	(92,149)
		<u>499,141</u>	<u>(5,240,997)</u>
Net cash generated from / (used in) operating activities			
Cash flows from investing activities			
Interest received		617,069	436,376
Cash receipts from maturity of bank fixed deposits		49,975,857	40,685,782
Cash paid for bank fixed deposits		(51,922,568)	(45,785,080)
		<u>(1,329,642)</u>	<u>(4,662,922)</u>
Net cash used in investing activities			
Net decrease in cash and cash equivalents		(830,501)	(9,903,919)
Cash and cash equivalents at the 1 April		<u>17,740,163</u>	<u>27,644,082</u>
Cash and cash equivalents at the 31 March	9	<u>16,909,662</u>	<u>17,740,163</u>

The annexed notes form an integral part of these financial statements.

**GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015
(Expressed in Hong Kong Dollars)**

1. CORPORATE INFORMATION

Grace Charity Foundation Limited (the "Association") was incorporated under the Hong Kong Companies Ordinance on 8 December 2000 as an association limited by guarantee and not having a share capital. The liability of each member is limited to the extent of HK\$50. The address of its registered office and principal place of activities are Block C, 1/F., Kai Tak Factory Building, 99 King Fuk Street, San Po Kong, Kowloon, Hong Kong.

The principal activities of the Association during the year are engaged in fund raising to support school premises' construction, assistance to pupils' schooling, financial assistance to the teachers and the poor, and financial support to medical operations in Guizhou and other remote areas in the People's Republic of China.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Association has applied, for the first time, the following new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the current accounting period of the Association:

HKFRS 10, HKFRS 12 and HKAS 27 (2011)	(Amendments)	Investment Entities
HKAS 32	(Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36	(Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39	(Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21		Levies

The adoption of the new and revised HKFRSs, amendments to HKFRSs and interpretations has no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Association has not early applied any new standards or interpretations that they have been issued but are not yet effective. The details are set out in note 14 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

**GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015
(Expressed in Hong Kong Dollars)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except the assets and liabilities are stated at their fair value as explained in the accounting policies

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Association's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described in note 4 to the financial statements.

(c) Impairment

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit to which the assets has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (or CGU's). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(d) Other receivables

Other receivables are initially recognised at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

(f) Other payables

Other payables are initially measured at fair value and, after initial recognition, at amortised cost except for short-term payments with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015
(Expressed in Hong Kong Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue Recognition

The Association recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Association; and specific criteria have been met for each of the Association's activities as described below.

Revenue from donations is recognised when the donation is agreed by the donor and the usage of the donation is certain; and

Bank interest income is accrued on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(h) Income tax expense

No provision for Hong Kong Profits Tax has been made in the accounts as the Association is a non-profit making organisation and is exempted from taxation under Section 88 of the Inland Revenue Ordinance.

(i) Foreign currency translation

Foreign currency transactions during the year are translated into Hong Kong Dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong Dollars at the foreign exchange rates ruling at the reporting date. Exchange gains and losses are recognised in the Statement of Comprehensive Income and Expenditure.

(j) Related parties

A related party is a person or entity that is related to the Association in these financial statements, as follows:-

- (a) A person, or a close member of that person's family, is related to the Association if 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 the Association's parent.

**GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015
(Expressed in Hong Kong Dollars)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Related parties (continued)

(b) An entity is related to the Association if any of the following conditions applies:

- (i) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third entity.
- (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 note (a).
- (vii) A person identified in note (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. FINANCIAL RISK MANAGEMENT

Financial risk management objective and policies

The Association's activities expose it to a variety of financial risks: foreign currency risk and liquidity risk. The Association's overall risk management programme focuses on the unpredictability and volatility of financial markets and seeks to minimise potential adverse effects on the financial position, performance and cash flows of the Association. No derivative financial instruments are used to hedge any exposures.

Foreign currency risk

The majority of receivables and payables are denominated in Hong Kong Dollars and RMB dollars respectively.

The Association closely and continuously monitors the exposure on currency risk. Even HK dollars is not pegged to RMB dollars, the historical exchange rate fluctuation on RMB dollars is insignificant. Thus, there is no significant exposure expected on RMB dollars transactions and balances. In case of any significant fluctuation expected, RMB dollars transactions and balances would also be monitored and controlled in the same manner as other foreign currencies.

Liquidity risk

The Association's debt maturity profile, operating cash flows and the availability of external funding are actively managed.

**GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015
(Expressed in Hong Kong Dollars)**

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Fair values estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2014 and 2015.

6. OFFICE ADMINISTRATION EXPENDITURE

	<u>2015</u>	<u>2014</u>
	\$	\$
Auditor's remuneration	10,000	10,000
Bank charges	8,393	9,877
Buildings management fee	30,512	28,304
Cleaning	13,466	15,489
Electricity, gas and water	18,135	20,622
Insurance	9,304	6,804
Postage and transportation	4,118	14,534
Printing and stationery	13,231	11,502
Repair and maintenance	14,020	10,990
Sundry expenses	26,170	10,079
Telecommunication	13,413	11,885
	<u>160,762</u>	<u>150,086</u>

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in the financial statements as the Association is a charitable institution under Section 88 of Inland Revenue Ordinance and is exempted from taxes levied under this Ordinance (2014: Nil).

GRACE CHARITY FOUNDATION LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015
(Expressed in Hong Kong Dollars)

8. DIRECTORS' REMUNERATION

Remuneration of the directors disclosed pursuant to Section 383(1) to the Hong Kong Companies Ordinance are as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Fees	-	-
Other emoluments	-	-
Pension costs	-	-
Compensation for loss of the office	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank and bank fixed deposit. Cash and cash equivalents in cash flow statements comprise the following amounts:

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash at bank	6,881,483	7,804,520
Bank fixed deposits	<u>10,028,179</u>	<u>9,935,643</u>
	<u>16,909,662</u>	<u>17,740,163</u>

10. TEMPORARY RECEIPT FROM DONORS

	<u>2015</u>	<u>2014</u>
	\$	\$
Individual donors	<u>5,000,248</u>	<u>5,032,040</u>

Temporary receipt from donors are the donations which do not have specifications in usage as at the end of the reporting period.

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11. SPECIFIC FUNDS

Construction reserve

To finance the construction of school premises, clinic and water cellars so as to improve the living environment in the district.

Schooling and students assistance fund

To offer assistance to pupils in their school fees, exercise books and so on.

Poverty relief fund

To assist the poor financially in Guizhou Province and other remote areas in the People's Republic of China.

Teaching equipment and library books fund

To assist the acquisition of teaching equipment and library books.

An egg a child campaign

To support the primary school in Guizhou remote areas to have one egg per week by financing the school to buy and to distribute eggs to students.

Save the blue babies projects

To financially support children in Guizhou who have heart operation.

Earthquake relief fund

To offer assistance to rebuild schools, the poor and the pupils who were affected by the 5.12 earthquake disaster.

Administration fund

To finance the administration expenditure of the Association.

12. CAPITAL DISCLOSURE

The Association's objectives when managing capital are to safeguard the Association's ability to continue as a going concern.

The Association manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Association may try to cover expenditures with revenue. No changes were made in the objectives, policies and processes during the year.

13. COMPARATIVE FIGURES

As a result of the initial application of Part 9 of the Hong Kong Companies Ordinance (Cap. 622) on the financial statements for the year ended 31 March 2015, certain comparative figures have been reclassified to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2015.

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14. HONG KONG FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 March 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Association.

		Effective for annual periods beginning on or after
HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements Project	Annual Improvements 2010 -2012 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2011 -2013 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2012 -2014 Cycle	1 January 2016
HKFRS 14	Regulatory Deferral	1 January 2016
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKAS 1 Amendment	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants	1 January 2016
HKAS 27 Amendment	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

The Association has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact the Association's financial statements in the year of initial application. The Association will continue to assess the impact of these HKFRSs and other significant changes may be identified as a result.