

# 馮梁會計師行 Fung, Leung & Co.

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF BRING ME A BOOK HONG KONG LIMITED**

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Bring Me A Book Hong Kong Limited ("the Company") set out on pages 4 to 14, which comprise the balance sheet as at April 30, 2011, and the statement of comprehensive income, statement of changes in general fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### ***Governors' responsibility for the financial statements***

The governors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities 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. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.

#### ***Opinion***

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at April 30, 2011, and of its deficit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Fung, Leung & Co.  
Certified Public Accountants  
Hong Kong

Date: October 3, 2011

**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED APRIL 30, 2011**

	<u>Notes</u>	<u>2011</u> HK\$	<u>2010</u> HK\$
<b>REVENUE</b>	4	1,799,500	4,031,697
<b>Add:</b> Net surplus on a special project			
- Feng Zikai Chinese Children's Picture Book Award		70,924	59,062
Bank interest income		15	36
<b>TOTAL INCOME</b>		<u>1,870,439</u>	<u>4,090,795</u>
<b>Less:</b> Operating expenses		328,752	319,373
Fundraising event expenses		89,024	338,597
Program expenses		1,918,444	1,313,589
<b>TOTAL EXPENSES</b>		<u>2,336,220</u>	<u>1,971,559</u>
<b>NET (DEFICIT)/SURPLUS FOR THE YEAR</b>	5	( 465,781)	2,119,236
<b>GENERAL FUND BROUGHT FORWARD</b>		4,029,126	1,909,890
<b>GENERAL FUND CARRIED FORWARD</b>		<u>3,563,345</u>	<u>4,029,126</u>

**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**BALANCE SHEET**  
**AS AT APRIL 30, 2011**

	<u>Notes</u>	<u>2011</u> HK\$	<u>2010</u> HK\$
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	8	15,402	9,019
		<u>15,402</u>	<u>9,019</u>
<b>CURRENT ASSETS</b>			
Inventories	9	459,557	361,593
Other receivables	10	379,186	73,114
Bank and Cash	11	2,927,824	3,744,976
		<u>3,766,567</u>	<u>4,179,683</u>
<b>CURRENT LIABILITIES</b>			
Other payables	12	218,624	159,576
		<u>218,624</u>	<u>159,576</u>
<b>NET CURRENT ASSETS</b>			
		<u>3,547,943</u>	<u>4,020,107</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>3,563,345</u>	<u>4,029,126</u>
<b>GENERAL FUND</b>			
At May 1, 2010		4,029,126	1,909,890
Transfer from statement of comprehensive (loss)/income		( 465,781)	2,119,236
- (Deficit) / Surplus		<u>3,563,345</u>	<u>4,029,126</u>

The financial statements on pages 4 to 14 were approved and authorized for issue by the board of governors on October 3, 2011 and signed on its behalf by:

  
 \_\_\_\_\_  
 Governor

  
 \_\_\_\_\_  
 Governor

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF CHANGE IN GENERAL FUND**  
**FOR THE YEAR ENDED APRIL 30, 2011**

	HK\$
At April 30, 2009	1,909,890
Surplus for the year	2,119,236
At April 30, 2010	<u>4,029,126</u>
Deficit for the year	( 465,781)
At April 30, 2011	<u><u>3,563,345</u></u>

**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED APRIL 30, 2011**

	<u>2011</u> HK\$	<u>2010</u> HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficit) / Surplus for the year	( 465,781)	2,119,236
Depreciation	12,511	41,389
Interest received	( 15)	( 36)
	<hr/>	<hr/>
Operating (deficit) / surplus before working capital changes	( 453,285)	2,160,589
Increase in inventories	( 97,964)	( 122,402)
Increase in deposits and prepayment	( 311,630)	( 3,471)
Decrease in other receivable	5,558	4,356
Increase in other payables	59,048	74,886
	<hr/>	<hr/>
Net cash (used in) / generated from operating activities	( 798,273)	2,113,958
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire property, plant and equipment	( 18,894)	( 8,418)
Interest received	15	36
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	( 18,879)	( 8,382)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	( 817,152)	2,105,576
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	3,744,976	1,639,400
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>2,927,824</u>	<u>3,744,976</u>

**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2011**

**1. GENERAL**

The company is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is Room 602, 10 Pottinger Street, Central, Hong Kong. The principal activities of the company are provision of easy access to the best children's books and to inspire parents to assist children for future success in school and life.

The financial statements are presented in Hong Kong dollars which is also the functional currency of the company.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, as modified by the revaluation of investment property at fair value.

**Property, Plant and Equipment and Depreciation**

Property, plant & equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided to write off the cost of property, plant & equipment over its estimated useful life using the straight line method at the following rate :-

Leasehold improvement	3 years
Office equipment	3 years

The gain or loss on disposal of property, plant & equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the profit and loss account.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the first-in, first-out formula. Net realisable value is 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.

**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2011**

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

*Continued*

**Other receivables**

Other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

**Cash and cash equivalents**

Cash comprises cash on hand and at bank and demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts for cash and which are subject to an insignificant risk of changes in value.

**Other payables**

Other payables 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.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the company and the revenue in respect of the transaction can be measured reliably. Revenue is recognised as follows:

- (i) Donations are recognised upon receipt.
- (ii) Interest income is recognised on a time basis by reference to the principal outstanding and at the interest rate applicable.

**Foreign currency translation**

Foreign currency transactions during the year are translated using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses are recognised in the income and expenditure account.

**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2011**

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

*Continued*

**Employee benefits**

a) Retirement benefits costs

The company has participated in a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") for its employees in Hong Kong who are eligible to participate in the MPF scheme, in accordance with the Mandatory Provident Fund Schemes Ordinance. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Institute in an independently administered fund. The Institute's employer contributions vest fully with the employees when contributed into the MPF Scheme.

b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the expected liability for paid annual leave as a result of services rendered by the employees up to the balance sheet date.

Employee entitlements to sick leave are recognised when a sick leave entitlement is accrued, to the extent future sick leave taken is expected to be greater than entitlements to sick leave earned after the balance sheet date.

**Leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Company is the lessor, assets leased by the Company under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Company is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

**Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.



**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2011**

**3. KEY SOURCES OF 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 Company makes estimates and assumptions concerning the future. The estimates and assumptions that have no significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

**4. REVENUE**

Revenue represents donations received during the year.

**5. (DEFICIT) / SURPLUS**

	<u>2011</u> HK\$	<u>2010</u> HK\$
(Deficit) / Surplus is arrived at after charging : -		
Depreciation	12,511	41,389
Staff costs		
- Salaries: Program staff	973,022	823,362
Non-Program staff	62,047	57,570
- Retirement benefits scheme contributions: Program staff	33,903	30,559
Non-Program staff	3,102	2,878

**6. INCOME TAX EXPENSE**

The company is a charitable organization and exempted from taxation under Section 88 of the Inland Revenue Ordinance.

**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2011**

**7. GOVERNORS' REMUNERATION**

During the year, none of the governors received any remuneration in respect of their services to the company (2010:Nil).

**8. PROPERTY, PLANT & EQUIPMENT**

	<b><u>Leasehold improvement</u></b> HK\$	<b><u>Office equipments</u></b> HK\$	<b><u>Total</u></b> HK\$
<b>Cost : -</b>			
Balance as at May 1, 2009	80,000	215,041	295,041
Additions for the year	-	8,418	8,418
Balance as at April 30, 2010	<u>80,000</u>	<u>223,459</u>	<u>303,459</u>
Additions for the year	-	18,894	18,894
Balance as at April 30, 2011	<u>80,000</u>	<u>242,353</u>	<u>322,353</u>
<b>Accumulated depreciation : -</b>			
Balance as at May 1, 2009	80,000	173,051	253,051
Depreciation for the year	-	41,389	41,389
Balance as at April 30, 2010	<u>80,000</u>	<u>214,440</u>	<u>294,440</u>
Depreciation for the year	-	12,511	12,511
Balance as at April 30, 2011	<u>80,000</u>	<u>226,951</u>	<u>306,951</u>
<b>Net book value : -</b>			
As at April 30, 2011	<u>-</u>	<u>15,402</u>	<u>15,402</u>
As at April 30, 2010	<u>-</u>	<u>9,019</u>	<u>9,019</u>

**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2011**

**9. INVENTORIES**

Inventories comprise entirely of books.

**10. OTHER RECEIVABLES**

	<b><u>2011</u></b> HK\$	<b><u>2010</u></b> HK\$
Prepayments	29,970	27,328
Rental and utility deposits	346,774	37,786
Other receivables	2,442	8,000
	<u>379,186</u>	<u>73,114</u>

**11. CASH AND CASH EQUIVALENTS**

	<b><u>2011</u></b> HK\$	<b><u>2010</u></b> HK\$
Cash at bank	2,918,061	3,741,193
Cash on hand	9,763	3,783
	<u>2,927,824</u>	<u>3,744,976</u>

**12. OTHER PAYABLES**

	<b><u>2011</u></b> HK\$	<b><u>2010</u></b> HK\$
Accrued expenses	160,013	159,576
Other payable	58,611	-
	<u>218,624</u>	<u>159,576</u>

**BRING ME A BOOK HONG KONG LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2011**

**13. FUND MANAGEMENT**

The company's objectives when managing funds are:

- (i) To safeguard the Institute's ability to continue as a going concern, so that it continues to provide benefits for members and other stakeholders;
- (ii) To support the Institute's stability and growth; and
- (iii) To provide funds for the purpose of strengthening the Institute's risk management capability.

The company actively and regularly reviews and manages its fund structure to ensure optimal fund structure, taking into consideration the future fund requirements of the Institute and fund efficiency, prevailing and projected surplus, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

For fund management purpose, management regards general funds as fund.

**14. COMMITMENT UNDER OPERATING LEASE**

At April 30, 2011, the Company had total of future minimum lease payments under non-cancellable operating leases in respect of land and building are as follows:-

	<u>2011</u> HK\$	<u>2010</u> HK\$
Not later than one year	199,454	-
Later than one year	66,485	-
	<u>265,939</u>	<u>-</u>