

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED
(LIMITED BY GUARANTEE
WITHOUT A SHARE CAPITAL)

REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH, 2016

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COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting to Members their annual report together with the audited financial statements of the Company for the year ended 31st March, 2016.

PRINCIPAL ACTIVITIES

The Company's principal activity is to carry out charitable work for the relief of poverty.

DIRECTORS

The following Directors held office during the year and up to the date of this report:-

Chan Man Sing
Cheng Yiu Tung
Wong King Lai

In accordance with the Company's Articles of Association, all existing directors shall continue in office.

On behalf of the Board



Cheng Yiu Tung
Director

Dated 28 SEP 2016

LEUNG KA WA, Certified Public Accountant, Hong Kong.
Flat H, 9/F., Block 1, Laguna City, Lam Tin, Kowloon, Hong Kong
Tel: 2723 3336 Fax: 2723 3799

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED**

(incorporated in Hong Kong, limited by guarantee and not having a share capital)

I have audited the financial statements of Community Development Enhancement Fund Limited set out on pages 4 to 13, which comprise the Statement of Financial Position as at 31st March, 2016, the Statement of Comprehensive Income, Statement of Changes in Funds and Statement of Cash Flows for the year then ended, 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 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

My responsibility is to express an opinion on these financial statements based on our audit and to report my opinion solely to you, as a body, in accordance with section 405 of 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.

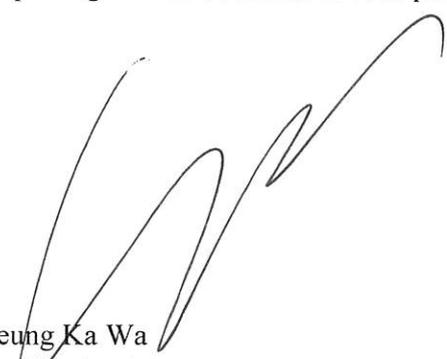
I conducted my audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements 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 auditors' 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.

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 give a true and fair view of the financial position of the Company as at 31st March, 2016 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.



Leung Ka Wa
Certified Public Accountant (Practising)
HONG KONG, 28 SEP 2016

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

STATEMENT OF FINANCIAL POSITION AS AT
31ST MARCH, 2016

| | 2016 HK\$ | 2015 HK\$ |
|----------------------------|------------------|------------------|
| Current Assets | | |
| Inventory | 0 | 5,177 |
| Bank Balances | 354,655 | 282,541 |
| | <u>354,655</u> | <u>287,718</u> |
| Current Liabilities | | |
| Accrued Liabilities | (46,950) | (49,475) |
| Sundry Payables | (4,741) | (18,290) |
| Receipts in Advance | (95,233) | (113,333) |
| | <u>(146,924)</u> | <u>(181,098)</u> |
| Net Current Assets | <u>207,731</u> | <u>106,620</u> |
| Financed by: | | |
| Accumulated Funds | <u>207,731</u> | <u>106,620</u> |



Cheng Yiu Tung
Director



Chan Man Sing
Director

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31ST MARCH, 2016**

| | Note | 2016 HK\$ | 2015 HK\$ |
|---------------------------------------|------|--------------|--------------|
| Revenue | 4 | 634,458 | 380,505 |
| Project Costs | | (64,726) | (44,649) |
| Employment Costs | 6 | (448,087) | (353,624) |
| Other Operating Expenses | | (20,534) | (37,673) |
| Surplus/(Deficit) for the year | 7 | 101,111 | (55,441) |
| Other Comprehensive Income | | 0 | 0 |
| Total Comprehensive Income | | 101,111 | (55,441) |

**STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED
31ST MARCH, 2016**

| | Accumulated Funds HK\$ |
|--|------------------------------|
| Balance as at 31st March, 2014 | 162,061 |
| Total Comprehensive Income for the year ended 31st March, 2015 | (55,441) |
| Balance as at 31st March, 2015 | 106,620 |
| Total Comprehensive Income for the year ended 31st March, 2016 | 101,111 |
| Balance as at 31st March, 2016 | 207,731 |

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31ST MARCH, 2016**

| | Note | 2016 HK\$ | 2015 HK\$ |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Surplus/(Deficit) for the year | | 101,111 | (55,441) |
| Adjustments for: | | | |
| Interest Income | | (18) | (14) |
| Operating surplus/(deficit) before working capital changes | | 101,093 | (55,455) |
| Decrease in Inventory | | 5,177 | 21,484 |
| Decrease in Prepayments, Deposits and Other Receivable | | 0 | 11,931 |
| Increase/(Decrease) in Accrued Liabilities | | (2,525) | 33,975 |
| Increase/(Decrease) in Sundry Payables | | (13,549) | 10,117 |
| Increase/(Decrease) in Receipts in Advance | | (18,100) | 113,333 |
| Net cash from operating activities | | <u>72,096</u> | <u>135,385</u> |
| Cash flows from investing activities | | | |
| Interest Received | | 18 | 14 |
| Net cash from investing activities | | <u>18</u> | <u>14</u> |
| Cash flows from financing activities | | | |
| | | <u>0</u> | <u>0</u> |
| Net Increase in Cash and Cash Equivalents | | 72,114 | 135,399 |
| Cash and Cash Equivalents at Beginning of Year | 9 | <u>282,541</u> | <u>147,142</u> |
| Cash and Cash Equivalents at End of Year | 9 | <u><u>354,655</u></u> | <u><u>282,541</u></u> |

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

NOTES ON THE FINANCIAL STATEMENTS

Reporting Entity

Community Development Enhancement Fund Limited is a company limited by guarantee without a share capital and incorporated in Hong Kong. The Company's registered office is located at Rm 12, G/F., Wing B, Yuet Kwai House, Tin Yuet Estate, Tin Shui Wai, New Territories, Hong Kong. The Company's principal activity is to carry out charitable work for the relief of poverty.

1 PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance.

In addition, these financial statements have been prepared under the historical cost convention and on the basis that the Company is a going concern.

Furthermore, the Company qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Chapter 622) and is therefore entitled to exemption of specific disclosure requirements relating to the preparation of financial statements and directors report under the Hong Kong Companies Ordinance.

b. Impact of Amendments to Hong Kong Financial Reporting Standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations for HKFRSs and HKASs ("Int"), which are effective for accounting periods beginning on or after 1st April, 2015. Such amendments however do not have any significant impact to the Company. In addition, the HKICPA has published several improvements to HKFRSs based on annual improvements project 2010-2012 and 2011-2013 cycles of IASB. Such annual improvements however do not have any significant impact to the Company.

c. Operating Leases

Leases where substantially all the risks and rewards of ownership of the leased assets remain with the lessors are accounted for as operating leases. Lease payments applicable to such leases are recognised in the profit or loss as an expense on a straight line basis over the period of the relevant leases, except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives from the lessors are recognised in the profit or loss as an integral part of the aggregate net lease payments made, irrespective of their nature or form or the timing of payments.

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

d. Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets

Financial assets are classified into four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. At each date of statement of financial position subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any impairment losses.

(iii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale investments or not classified as any of the above 3 categories. At each date of statement of financial position subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment loss at each date of statement of financial position subsequent to initial recognition.

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

d. Financial Instruments (Continued)

Financial Liabilities

Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

(i) Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are those financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition. At each date of statement of financial position subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability.

(ii) Other Financial Liabilities

At each date of statement of financial position subsequent to initial recognition, other financial liabilities are carried at amortised costs using the effective interest method unless the effect of discounting is immaterial, in which case they are stated at cost.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

e. Revenue Recognition

Grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Donations received is recognised on cash basis.

Sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the buyer.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

f. Employee Benefits - Retirement Benefits Costs

The Company operates an approved defined contribution retirement benefits scheme for employees: a Mandatory Provident Fund (MPF) Scheme under the Mandatory Provident Fund Schemes Ordinance.

The contributions payable to the Company's defined contribution retirement benefits schemes are recognised as an expense in the statement of comprehensive income as incurred.

2 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 circumstances. The directors of the Company consider that accounting estimates and judgements made in the preparation of the financial statements have no significant effect on the amounts recognised in the financial statements and have no significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's major financial instruments include bank deposits and accrued liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies applied by the Company to mitigate these risks are set out below.

(a) Credit risk

The Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of financial assets is the carrying amount of those assets as stated in the statement of financial position.

The credit risk on bank deposits is minimal because the counterparties are banks or financial institutions with high credit-rating awarded by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with a bank with high credit rating, the Company has no significant concentration of credit risk.

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

NOTES ON THE FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

The Company manages liquidity risk by maintaining adequate liquid funds, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The non-derivative financial liabilities of the Company as at 31st March 2016 and 31st March 2015 are analysed into relevant maturity buckets based on their contractual undiscounted obligations in the table below:

| | On Demand HK\$ |
|-------------------------------|-------------------|
| <u>31st March 2016</u> | |
| Accrued Liabilities | 46,950 |
| Sundry Payables | 4,741 |
| | <u>51,691</u> |
| <u>31st March 2015</u> | |
| Accrued Liabilities | 49,475 |
| Sundry Payables | 18,290 |
| | <u>67,765</u> |

(c) Cash flow interest rate risk

The Company's exposure to cash flow interest rate risk is minimal because the Company does not have any floating rate borrowings.

(d) Fair Value

The fair value of the Company's financial assets and liabilities are not materially different from their carrying amounts because of their immediate or short term maturity.

| 4 REVENUE | 2016 HK\$ | 2015 HK\$ |
|--|----------------|----------------|
| Revenues recognised during the year are as follows:- | | |
| Donations | 193,731 | 94,148 |
| Grants from Other Charities | 413,348 | 226,667 |
| Donations from Other Charities | 20,802 | 0 |
| Sales | 6,559 | 59,676 |
| Interest Income | 18 | 14 |
| | <u>634,458</u> | <u>380,505</u> |

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

NOTES ON THE FINANCIAL STATEMENTS

5 DIRECTORS' EMOLUMENTS

During the year, no amounts were paid in respect of directors' emoluments, directors' retirement benefits or payments made or benefit provided in respect of the termination of the service of directors, whether in the capacity of directors or in any other capacity while acting as directors.

| 6 EMPLOYMENT COSTS | 2016 HK\$ | 2015 HK\$ |
|--|----------------|----------------|
| Salaries and Allowances | 427,597 | 336,000 |
| Mandatory Provident Fund Contributions | 20,490 | 17,624 |
| | <u>448,087</u> | <u>353,624</u> |

7 SURPLUS/(DEFICIT) FOR THE YEAR

Surplus/(Deficit) for the year is arrived at after charging:

| | | |
|--|--------------|--------------|
| Hire of Land and Building under Operating Leases | | |
| Minimum Lease Payments | 6,000 | 4,000 |
| | <u>6,000</u> | <u>4,000</u> |

8 INCOME TAX

The Company is exempted from Profits Tax in accordance with S.88 of the Inland Revenue Ordinance.

9 NOTES ON STATEMENT OF CASH FLOWS

Cash and Cash Equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

| | | |
|---------------------|----------------|----------------|
| Balances with banks | 354,655 | 282,541 |
| | <u>354,655</u> | <u>282,541</u> |

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

NOTES ON THE FINANCIAL STATEMENTS

10 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the date of statement of financial position are as follows:

| Financial assets | Held-to- maturity Investments HK\$ | Financial Assets at Fair Value through Profit or Loss HK\$ | Loans and Receivables HK\$ | Available- for-sale Investments HK\$ |
|------------------------------|---|---|--|---|
| 2016 | | | | |
| Bank Balances | 0 | 0 | 354,655 | 0 |
| 2015 | | | | |
| Bank Balances | 0 | 0 | 282,541 | 0 |
| Financial liabilities | | | | |
| | | | Financial Liabilities at Fair Value through Profit or Loss HK\$ | Other Financial Liabilities HK\$ |
| 2016 | | | | |
| Accrued Liabilities | | | 0 | 46,950 |
| Sundry Payables | | | 0 | 4,741 |
| | | | <u>0</u> | <u>51,691</u> |
| 2015 | | | | |
| Accrued Liabilities | | | 0 | 49,475 |
| Sundry Payables | | | 0 | 18,290 |
| | | | <u>0</u> | <u>67,765</u> |

11 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the board of directors on **28 SEP 2016**.

COMMUNITY DEVELOPMENT ENHANCEMENT FUND LIMITED

(For Management Purpose Only)

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2016**

| | 2016 | 2015 |
|--|----------------|-----------------|
| | HKS | HKS |
| INCOME | | |
| Donations | 193,731 | 94,148 |
| Grants from Other Charities | 413,348 | 226,667 |
| Donations from Other Charities | 20,802 | 0 |
| Sales | 6,559 | 59,676 |
| Interest Income | 18 | 14 |
| TOTAL INCOME | <u>634,458</u> | <u>380,505</u> |
| LESS: PROJECT COST | 55,114 | 0 |
| Program Expenses | 9,612 | 44,649 |
| Costs of Goods Sold | <u>64,726</u> | <u>44,649</u> |
| LESS: EMPLOYMENT COSTS | | |
| Mandatory Provident Fund Contributions | 20,490 | 17,624 |
| Salaries | 427,597 | 336,000 |
| | <u>448,087</u> | <u>353,624</u> |
| LESS: OTHER OPERATING EXPENDITURE | | |
| Audit Fee | 5,000 | 5,000 |
| Bank Charges | 471 | 50 |
| Cleaning | 3,600 | 2,400 |
| Events held for helping the poor | 0 | 12,000 |
| Insurance | 3,697 | 6,725 |
| Rental Expenses | 6,000 | 4,000 |
| Stationery | 0 | 46 |
| Sundries | 1,766 | 330 |
| Transportation | 0 | 185 |
| Travelling and other Allowance | 0 | 6,937 |
| | <u>20,534</u> | <u>37,673</u> |
| TOTAL EXPENDITURE | <u>533,347</u> | <u>435,946</u> |
| SURPLUS/(DEFICIT) FOR THE YEAR | <u>101,111</u> | <u>(55,441)</u> |

DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The above does not constitute the Company's statutory annual financial statements for the years ended 31st March, 2015 and 2016 but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with Section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered its statutory annual financial statements for the year ended 31st March, 2015 to the Registrar of Companies as required by S.662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver its statutory annual financial statements for the year ended 31st March, 2016 in due course.

Auditors' reports have been prepared on the statutory annual financial statements for both years ended 31st March, 2015 and 2016. The auditors' reports were not qualified; did not refer to any matter to which the auditors drew attention by way of emphasis without qualifying the reports; and did not contain a statement under Section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.