

**HONG KONG MUCOPOLYSACCHARIDOSES & RARE  
GENETIC DISEASES MUTUAL AID GROUP**

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**THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2009**

**黃永善會計師行**  
**W. S. WONG & CO.**  
*Certified Public Accountants*

黃永善會計師行  
W. S. Wong & Co.

CERTIFIED PUBLIC ACCOUNTANTS

ASSOCIATES

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**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF**  
**HONG KONG MUCOPOLYSACCHARIDOSES &**  
**RARE GENETIC DISEASES MUTUAL AID GROUP**  
(set-up in Hong Kong under Societies Ordinance)

We have audited the financial statements of Hong Kong Mucopolysaccharidoses & Rare Genetic Diseases Mutual Aid Group ("the Society") set out on pages 1 to 9, which comprise the balance sheet as at 31st March 2009, and the income and expenditure account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Responsibility of the Council of Management for the financial statements**

The Council of Management is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 Council of Management, 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 Society's affairs as at 31st March 2009 and its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

W. S. Wong & Co.

W. S. Wong & Co.

Certified Public Accountants

Hong Kong, 3rd May 2010

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**HONG KONG MUCOPOLYSACCHARIDOSES &**  
**RARE GENETIC DISEASES MUTUAL AID GROUP**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		\$	\$
Revenue	3	340,694	1,853,816
Other revenue	4	3,342	-
Administrative expenses		(26,559)	(56,044)
Other operating expenses		<u>(413,290)</u>	<u>(336,958)</u>
Surplus / (deficit) before taxation	5	(95,813)	1,460,814
Income tax expense	6	<u>-</u>	<u>-</u>
Surplus / (deficit) for the year		<u>(95,813)</u>	<u>1,460,814</u>

The accompanying notes form an integral part of the financial statements.

**HONG KONG MUCOPOLYSACCHARIDOSES &  
RARE GENETIC DISEASES MUTUAL AID GROUP**

**BALANCE SHEET**

**AS AT 31ST MARCH 2009**

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and bank balances	7	<u>1,547,788</u>	<u>1,543,562</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1,547,788</u>	<u>1,543,562</u>
<b>CURRENT LIABILITIES</b>			
Accruals	8	<u>102,539</u>	<u>2,500</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>102,539</u>	<u>2,500</u>
<b>NET CURRENT ASSETS</b>		<u>1,445,249</u>	<u>1,541,062</u>
<b>NET ASSETS</b>		<u>1,445,249</u> =====	<u>1,541,062</u> =====
<b>RESERVES</b>			
Accumulated fund		<u>1,445,249</u>	<u>1,541,062</u>
<b>TOTAL EQUITY</b>		<u>1,445,249</u> =====	<u>1,541,062</u> =====

*Chau Po Yuen*  
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Council Member



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Council Member

The accompanying notes form an integral part of the financial statements.

**HONG KONG MUCOPOLYSACCHARIDOSES &  
RARE GENETIC DISEASES MUTUAL AID GROUP**

**STATEMENT OF CHANGE IN EQUITY  
FOR THE YEAR ENDED 31ST MARCH 2009**

(Expressed in Hong Kong Dollars)

	<u>Accumulated fund</u>
	\$
Balance at 1st April 2007	80,248
Surplus for the year	<u>1,460,814</u>
Balance at 31st March 2008	1,541,062
Deficit for the year	<u>(95,813)</u>
Balance at 31st March 2009	<u>1,445,249</u> =====

**HONG KONG MUCOPOLYSACCHARIDOSES &  
RARE GENETIC DISEASES MUTUAL AID GROUP**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31ST MARCH 2009**

(Expressed in Hong Kong Dollars)

	<u>2009</u>	<u>2008</u>
	\$	\$
<b>Cash flows from operating activities</b>		
Surplus / (deficit) before taxation	(95,813)	1,460,814
Adjustment for interest income	<u>(3,342)</u>	<u>-</u>
Net cash generated from / (used in) operations	(99,155)	1,460,814
Increase in accruals	<u>100,039</u>	<u>500</u>
<b>Net cash generated from operating activities</b>	<u>884</u>	<u>1,461,314</u>
<b>Cash flows from investing activities</b>		
Interest received	<u>3,342</u>	<u>-</u>
<b>Net cash generated from investing activities</b>	<u>3,342</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	4,226	1,461,314
<b>Cash and cash equivalents at the beginning of the year</b>	<u>1,543,562</u>	<u>82,248</u>
<b>Cash and cash equivalents at the end of the year</b>	1,547,788 =====	1,543,562 =====
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and bank balances	1,547,788 =====	1,543,562 =====

**HONG KONG MUCOPOLYSACCHARIDOSES &  
RARE GENETIC DISEASES MUTUAL AID GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Hong Kong Dollars)

1. General

- (a) Hong Kong Mucopolysaccharidoses & Rare Genetic Diseases Mutual Aid Group (“the Society”) is a charitable organisation set-up under the Hong Kong Societies Ordinance.
- (b) The registered address as well as the principal place of business of the Society is Ground Floor, Wang Lai House, Wang Tau Hom Estate, Wong Tai Sin, Kowloon, Hong Kong.
- (c) The principal activity of the Society is to provide support to mucopolysaccharidoses and rare genetics disease patients and their families.

2. Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The principal accounting policies adopted are as follows :-

(a) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Society becomes a party to the contractual provisions of the instruments.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(ii) Payables

Payables are initially measured at fair value and are subsequently measured at amortised costs using the effective interest rate method.

(b) Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Society operated (“the functional currency”).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

**HONG KONG MUCOPOLYSACCHARIDOSES &  
RARE GENETIC DISEASES MUTUAL AID GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Hong Kong Dollars)

2. Principal accounting policies (cont'd)

(c) Recognition of income

Income are recognised in the relevant year when received and receivable.

3. Revenue

	<u>2009</u>	<u>2008</u>
	\$	\$
Charity concert income	-	1,383,400
Donation income	318,327	366,750
Sales of books	14,567	52,855
Sponsoring income	7,320	49,851
Subscription fee	<u>480</u>	<u>960</u>
	<u>340,694</u>	<u>1,853,816</u>
	=====	=====

4. Other revenue

	<u>2009</u>	<u>2008</u>
	\$	\$
Interest income	<u>3,342</u>	<u>-</u>
	=====	=====

5. Surplus / (deficit) before taxation

	<u>2009</u>	<u>2008</u>
	\$	\$
Surplus / (deficit) before taxation has been arrived at after charging :-		
Auditors' remuneration	<u>1,500</u>	<u>1,500</u>
	=====	=====

No remuneration was paid to the members of the Council of Management of the Society during the year.



**HONG KONG MUCOPOLYSACCHARIDOSES &  
RARE GENETIC DISEASES MUTUAL AID GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Hong Kong Dollars)

6. Income tax expense

No provision for Hong Kong profits tax has been made as the Society is a charitable institution and is exempted from tax under Section 88 of the Inland Revenue Ordinance.

7. Cash and bank balances

Cash and bank balances represent cash in hand and demand deposits at bank and their carrying amount approximates their fair value.

8. Accruals

Accruals comprise amounts outstanding for ongoing costs and their carrying amount approximates their fair value.

9. Capital management

The Society's objectives when managing capital are :-

- To safeguard the Society's ability to continue as a going concern; and
- To support the Society's stability and growth.

The Society actively and regularly reviews and manages its capital structure to ensure optimal capital structure.

The Society monitors capital by reviewing the level of capital that is at the disposal of the Society ("adjusted capital"). Adjusted capital comprises all components of reserves. The adjusted capital of the Society at 31st March 2009 was \$1,445,249 (2008 - \$1,541,062). The decrease of adjusted capital was due to deficit for the year.

**HONG KONG MUCOPOLYSACCHARIDOSES &  
RARE GENETIC DISEASES MUTUAL AID GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Hong Kong Dollars)

10. Financial risk management

Details of financial assets and financial liabilities of the Society are summarised as follows :-

	<u>2009</u>	<u>2008</u>
	\$	\$
Financial assets		
Loans and receivable		
Cash and bank balances	<u>1,547,788</u>	<u>1,543,562</u>
Financial liabilities		
Financial liabilities at amortised costs		
Accruals	<u>102,539</u>	<u>2,500</u>
	<u>1,445,249</u>	<u>1,541,062</u>
	=====	=====

The Society's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Society's performance.

(a) Market risk

Market risk is the risk of loss arising from movements in observable market variables, such as foreign exchange rates and interest rates.

(i) Foreign exchange risk

The Society's has no exposure to foreign exchange risk as all the financial assets and financial liabilities of the Society are denominated in Hong Kong dollars.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of the Society's financial instruments will fluctuate due to changes in market interest rates. The management is of the opinion that the Society's exposure to interest rate risk is insignificant as there is no expected significant change in market interest rates in the coming year.

**HONG KONG MUCOPOLYSACCHARIDOSES &**  
**RARE GENETIC DISEASES MUTUAL AID GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Hong Kong Dollars)

10. Financial risk management (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. The Society follows a policy of prudence in managing its cash and bank balances and maintains a high level of liquidity.

All the financial liabilities of the Society are repayable on demand.

(c) Credit risk

The Society is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Society's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

11. Hong Kong Financial Reporting Standards issued but not yet effective for the year

The management is of the opinion that all new and revised Hong Kong Financial Reporting Standards that have been issued but not yet effective for the year will not have a material impact on the financial statements.

12. Approval of financial statements

The financial statements were approved by the Council of Management and authorised for issue on 3rd May 2010.

**HONG KONG MUCOPOLYSACCHARIDOSES &**  
**RARE GENETIC DISEASES MUTUAL AID GROUP**  
**DETAILED INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

(Expressed in Hong Kong Dollars)

	\$
<b>Income</b>	
Donation income	318,327
Interest income	3,342
Sales of books	14,567
Sponsoring income	7,320
Subscription fee	<u>480</u>
	<u>344,036</u>
<b>Expenditure</b>	
Accountancy fee	1,755
Activity expenses	413,290
Auditors' remuneration	1,500
Bank charges	320
Miscellaneous	602
Postage and internet	1,279
Printing and stationery	9,085
Travelling	<u>12,018</u>
	<u>439,849</u>
<b>Deficit before taxation</b>	(95,813)
<b>Income tax expense</b>	<u>-</u>
<b>Deficit for the year</b>	<u><u>(95,813)</u></u>

**HONG KONG MUCOPOLYSACCHARIDOSES &**

**RARE GENETIC DISEASES MUTUAL AID GROUP**

**AUDIT ADJUSTMENT FOR THE YEAR ENDED 31ST MARCH 2009**

<b>Adj. No.</b>	<b>Journal</b>	<b>Dr. \$</b>	<b>Cr. \$</b>
1	Activity expenses - General Accruals Being correction of cut-off error	99,539.50	99,539.50
2	Accountancy fee Auditors' remuneration Being reallocation of accounts	1,755.00	1,755.00
3	Auditors' remuneration Accruals Being provision of audit fee for the year	1,500.00	1,500.00