

Report of the Directors and Audited Financial Statements

WORLD VISION HONG KONG
香港世界宣明會

30 September 2015

WORLD VISION HONG KONG
香港世界宣明會

CONTENTS

	Pages
REPORT OF THE DIRECTORS	1 - 5
INDEPENDENT AUDITORS' REPORT	6 - 7
AUDITED FINANCIAL STATEMENTS	
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to financial statements	12 - 38

WORLD VISION HONG KONG
香港世界宣明會

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of World Vision Hong Kong 香港世界宣明會 (the "Organisation") for the year ended 30 September 2015.

Principal activity

The principal activity of the Organisation is fundraising for charitable purposes. There was no significant change in the nature of the Organisation's principal activity during the year.

Financial results

The Organisation's surplus for the year ended 30 September 2015 and its state of affairs at that date are set out in the financial statements on pages 8 to 38.

Share capital

The Organisation was incorporated under the laws of Hong Kong as a company limited by guarantee and not having a share capital. The details of the liability of its members are set out in note 1 to the financial statements.

Directors

The directors of the Organisation during the year were:

Du Ming Han	
Chan Chung Yee, Hubert	
Au Fun Kuen	
Wong Kai Man	
Tang Hing Lun, Helen	
Yuen Sui See	
Chan Sze Tong	
Li Ping Kwong	
Chan Shu On, Cecil	
Lam Ching Choi	(retired and re-elected on 16 December 2014)
Lu Yuen Shun, Joseph	(retired and re-elected on 16 December 2014)
Leung Kit Kan, Ingrid	(retired and re-elected on 16 December 2014)
Wong Yick Ming, Rosanna	(retired on 17 December 2014)

In accordance with the Organisation's new articles of association adopted on 14 June 2010, every director shall be elected for a term of three years. A retiring director shall be eligible for re-election save that a retiring director who has or shall have, immediately preceding his retirement, already served as a director for nine or more consecutive years shall not be eligible for re-election. Any period of service of a director at any time on or before 11 December 2007 shall not be taken into account.

REPORT OF THE DIRECTORS (continued)

Directors' interests in transactions, arrangements or contracts

No director had a material beneficial interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Organisation to which any of the Organisation's holding companies, subsidiaries or fellow subsidiaries was a party during the year.

International relief and community development expenditure

During the year, HK\$752,807,400 (2014: HK\$699,755,971) was transferred in the form of cash for the purpose of funding of international relief and community development projects via World Vision International member organisations.

Business Review

Objectives

World Vision Hong Kong ("the Organisation") is a Christian humanitarian organisation working to create lasting change in the lives of children, families and communities living in poverty. The Organisation serves all people regardless of religion, race, ethnicity or gender. As followers of Jesus, the Organisation is dedicated to working with the world's most vulnerable people.

The Organisation focuses on children because when they are fed, sheltered, schooled, protected, valued, and loved, a community thrives. The Organisation also promotes public awareness about global issues such as poverty, hunger, health and child rights.

Our Work

Community Development Programmes

The Organisation works with families, communities, and other World Vision offices in different continents, including Africa, Asia, Latin America, Middle East and Eastern Europe to implement the community development programmes to ensure that children enjoy good health, are educated for life, experience the love of God and love from their neighbours, and are cared for, protected, and participating.

Emergency Relief

The Organisation works with other World Vision offices to promptly respond with emergency assistance to the affected people by launching short-term plan in providing basic necessities required to meet their urgent needs and psychological counselling for survivors, and long-term plan in carrying out rehabilitation projects to help them regain their livelihoods and rebuild their communities.

Public Education

The educational services provided by the Organisation aim to raise public awareness of the needs of people living in poverty. The Organisation conducts a wide variety of education activities in schools and churches such as talks, Famine events, educational resources and study trips to encourage students and people in church to understand the needs of the poor. The study trips provide opportunities for participants to take a closer look at the needs of the poor around the world, interact with the poor and gain a new perspective of their life.

WORLD VISION HONG KONG
香港世界宣明會

REPORT OF THE DIRECTORS (continued)

Business Review (continued)

Financial Performance

Key Financial Performance

- Donations from the public for international aid and development programmes amounted to HK\$713 million this year, which was increased by 2.3% or HK\$16 million from last year.
- Donations from the public for emergency relief amounted to HK\$61 million this year, which was increased by 72.9% or HK\$26 million from last year.
- Grants from the HKSAR government for emergency relief amounted to HK\$16 million this year, which was increased by 35.9% or HK\$4 million from last year.
- Donations from international relief and development organisations amounted to HK\$21 million this year, which was increased by 128.3% or HK\$12 million from last year.
- Gifts-in-kind received for relief amounted to HK\$89 million this year, which was increased by 41.3% or HK\$26 million from last year.
- Funds allocated for international relief and community development programmes were close to HK\$846 million, representing 93.8% of total income.
- Public education expenditure was HK\$10 million, representing 1.2% of total income.
- Fundraising cost was HK\$27 million, representing 3% of total income.
- Administration cost was HK\$18 million, representing 2% of total income.

Despite the fundraising challenges arising from the changing market landscape, with the continued support from its donors, the Organisation was able to maintain a stable income to support and meet the ministry needs this year.

Emergency Relief

Donations received from the public for emergency relief was HK\$61 million. It was mainly from the fundraising for cyclone in Vanuatu, earthquake in Nepal, foods crisis in Africa and humanitarian crisis in Syria and South Sudan

Grants from the HKSAR government for emergency relief were HK\$16 million. It mainly included the grants for earthquake in Nepal, floods in China, India, South Asia and Southern Africa.

The total income of HK\$902 million for 2015 was 10.3% or HK\$84 million more than in 2014. It was mainly due to the increase in donations for relief and rehabilitation and gifts-in-kind during the year.

Funds Allocation

The Organisation supported 325 projects in 43 places around the world in 2015, including 109 Area Development Programmes (ADPs) across 28 countries, 137 short to mid-term projects and 79 reliefs and rehabilitation projects in different areas.

The Organisation strives to be a good steward of donations, making sure every dollar is well accounted for. In the 2015 financial year, 93.8% of total income was allocated to international relief and community development programmes. Administration and fundraising costs accounted for 2% and 3% respectively of the total income, with the remaining 1.2% spent on public education.

The Organisation committed HK\$769 million to international aid and development, in which HK\$680 million was in the form of cash and 89 million was gifts-in-kind. It mainly supported the projects through Child Sponsorship, World Vision China Partners and World Vision Partners to improve the lives of children and assist children and families in distress.

WORLD VISION HONG KONG
香港世界宣明會

REPORT OF THE DIRECTORS (continued)

Business Review (continued)

Besides this, the Organisation committed HK\$77 million to relief and rehabilitation projects, which provide emergency relief assistance to the affected people, including cyclone in Vanuatu, floods in China, India, South Asia and Southern Africa, earthquake in Nepal, food crisis in Africa and the humanitarian crisis in Syria and South Sudan.

Reserves and Surplus Funds

The Organisation commits any reserve in excess of operation requirements to international aid and development projects according to the sources of the excessive funds. While the surplus is generated from cost savings, that is under budget spending, of operating expenditure, we can utilise the surplus as undesignated funds for local ministry or international ministry projects without sufficient source of donations.

The Organisation requires keeping a certain percentage of its total revenue as surplus to maintain the total amount of our working capital at a level sufficient to finance 45 days of the expenditure budget next year including its funding commitment to the partnership/long-term projects.

In 2015, the Organisation recorded a surplus of HK\$302,090, which increased by HK\$139,275 from the surplus of HK\$162,815 in 2014, to maintain the working capital at a sufficient level to meet the Organisation's reserves requirement.

Resource Governance

Fund and Project Management

The Organisation has rigorous procedures to manage project funding and ensure the proper use of donations. Before supporting a project, the Organisation ensures the availability of ministry funding and appraises the project plans and budgets based on the needs assessments. All funding and budget commitments follow the Organisation's standard policies and procedures, and are monitored by World Vision International office in the project country. After a project is completed, an evaluation is performed to assess the effectiveness and efficiency of the project for future improvement.

Cost Control

The Organisation's operations are bound by strict cost controls, internal policies and procedures on expenditure are in place to ensure that every dollar raised is properly used.

Administration costs accounted for 2% of the Organisation's total income. It represents expenses contributed to Organisation's general management, administration, finance, communication and information technology, which is aligned with the WiseGiving's recommendation for the administrative cost of a charity.

For donations, excluding government grants, towards an emergency appeal, the Organisation would only charge direct fundraising cost against the revenue. For government grants, the Organisation would not charge any cost against the grants.

WORLD VISION HONG KONG
香港世界宣明會

REPORT OF THE DIRECTORS (continued)

Business Review (continued)

Internal Control

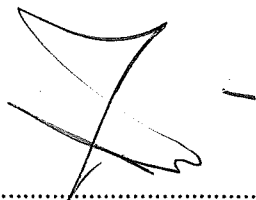
An Audit Committee has been set up by the Board of Directors of World Vision Hong Kong. The Committee comprises three members and its membership is reviewed every two years by the Board. The Committee considers the appointment and the audit fee of the external auditor, discusses internal and external audit matters, and reviews the annual financial statements and internal control system. The Committee also evaluates risk management practices and related processes under the Organisation's risk management framework for effectiveness.

The World Vision International Office and the project offices around the world have established their own internal audit department to ensure ministry quality and the proper use of funds, and that internal monitoring mechanisms are properly in place. Annual audits and operational audits are performed regularly, World Vision International Office would decide, based on risk assessment, the internal audit frequency cycle for individual project offices. In general, at minimum a 5-year audit frequency cycle should be met. The Organisation has also established an internal audit function for over ten years to strengthen internal control and improve cost efficiency and effectiveness.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Organisation will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



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Yuen Sui See
Chairman

Hong Kong
16 December 2015



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Independent auditors' report
To the members of World Vision Hong Kong
(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of World Vision Hong Kong (the "Organisation") set out on pages 8 to 38, which comprise the statement of financial position as at 30 September 2015, and the statement of comprehensive income, the statement of changes in equity 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 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.

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 405 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 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)
To the members of World Vision Hong Kong
(Incorporated in Hong Kong and limited by guarantee)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Organisation as at 30 September 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 compliance with the Hong Kong Companies Ordinance.

Certified Public Accountants
Hong Kong
16 December 2015

WORLD VISION HONG KONG
香港世界宣明會

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2015

	Notes	2015 HK\$	2014 HK\$
REVENUE			
Donations	4	811,502,571	753,615,512
Other income and gains	4	1,617,661	1,573,817
Gifts-in-kind		88,572,209	62,680,537
Total donations, other income and gains		<u>901,692,441</u>	<u>817,869,866</u>
EXPENDITURE			
Administration	5	18,217,085	18,155,133
Fundraising	6	27,499,894	22,736,307
Public education	7	10,362,973	11,224,193
Ministry	8	3,930,790	3,154,910
International relief and community development	9		
- Cash		752,807,400	699,755,971
- Gifts-in-kind		88,572,209	62,680,537
		<u>901,390,351</u>	<u>817,707,051</u>
SURPLUS BEFORE TAX	10	302,090	162,815
Income tax	12	<u>-</u>	<u>-</u>
SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>302,090</u></u>	<u><u>162,815</u></u>

WORLD VISION HONG KONG
香港世界宣明會

STATEMENT OF FINANCIAL POSITION

30 September 2015

	Notes	2015 HK\$	2014 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	14	25,917,287	26,767,553
Investment properties	15	3,440,149	3,486,033
Intangible assets	16	85,781	-
Total non-current assets		<u>29,443,217</u>	<u>30,253,586</u>
CURRENT ASSETS			
Advance funding to World Vision International member organisations	17	11,901,958	9,368,389
Other receivables		330,884	231,721
Prepayments and deposits		970,120	1,596,475
Cash and cash equivalents	18	83,787,842	84,827,817
Total current assets		<u>96,990,804</u>	<u>96,024,402</u>
CURRENT LIABILITIES			
Other payables and accruals	19	3,816,608	4,389,783
Deferred income	20	2,921,181	2,494,063
Total current liabilities		<u>6,737,789</u>	<u>6,883,846</u>
NET CURRENT ASSETS		<u>90,253,015</u>	<u>89,140,556</u>
Net assets		<u><u>119,696,232</u></u>	<u><u>119,394,142</u></u>
FUND BALANCES			
General operating fund	13	108,293,929	107,498,275
Designated and restricted funds	21	11,402,303	11,895,867
Total fund balances		<u><u>119,696,232</u></u>	<u><u>119,394,142</u></u>



Yuen Sui See
Director



Wong Kai Man
Director

WORLD VISION HONG KONG
香港世界宣明會

STATEMENT OF CHANGES IN EQUITY

Year ended 30 September 2015

	General operating fund HK\$	Designated and restricted funds HK\$	Total fund balances HK\$
At 1 October 2013	106,838,483	12,392,844	119,231,327
Surplus/(deficit) for the year and total comprehensive income for the year	<u>659,792</u>	<u>(496,977)</u>	<u>162,815</u>
At 30 September 2014 and at 1 October 2014	107,498,275	11,895,867	119,394,142
Surplus/(deficit) for the year and total comprehensive income for the year	<u>795,654</u>	<u>(493,564)</u>	<u>302,090</u>
At 30 September 2015	<u><u>108,293,929</u></u>	<u><u>11,402,303</u></u>	<u><u>119,696,232</u></u>

WORLD VISION HONG KONG
香港世界宣明會

STATEMENT OF CASH FLOWS

Year ended 30 September 2015

	Notes	2015 HK\$	2014 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before tax		302,090	162,815
Adjustments for:			
Interest income	4	(1,195,201)	(1,162,038)
Gain on disposal of items of property, plant and equipment		(21,434)	(9,482)
Depreciation	10	<u>1,708,806</u>	<u>1,644,586</u>
		794,261	635,881
Increase in advance funding to World Vision International member organisations		(2,533,569)	(250,863)
Decrease/(increase) in other receivables		(99,163)	99,883
Decrease/(increase) in prepayments and deposits		626,355	(1,022,833)
Increase/(decrease) in other payables and accruals		(573,175)	1,072,089
Increase in deferred income		<u>427,118</u>	<u>2,460,593</u>
Net cash flows from/(used in) operating activities		<u>(1,358,173)</u>	<u>2,994,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,195,201	1,162,038
Purchases of items of property, plant and equipment	14	(1,122,985)	(1,382,168)
Purchases of intangible assets	16	(91,500)	-
Grants received for motor vehicle	14	312,462	-
Proceeds from disposal of items of property, plant and equipment		<u>25,020</u>	<u>18,970</u>
Net cash flows from/(used in) investing activities		<u>318,198</u>	<u>(201,160)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		(1,039,975)	2,793,590
Cash and cash equivalents at beginning of year		<u>84,827,817</u>	<u>82,034,227</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>83,787,842</u></u>	<u><u>84,827,817</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	4,911,164	5,969,830
Non-pledged time deposits with original maturity of less than three months when acquired	18	<u>78,876,678</u>	<u>78,857,987</u>
		<u><u>83,787,842</u></u>	<u><u>84,827,817</u></u>

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

1. CORPORATE INFORMATION

World Vision Hong Kong 香港世界宣明會 is a company limited by guarantee and incorporated in Hong Kong. The registered office and principal place of business of the Organisation is located at 2/F, Mayfair Centre, 4 Anchor Street, Tai Kok Tsui, Kowloon, Hong Kong.

During the year, the Organisation was involved in fundraising activities for charitable purposes.

The liability of each member is limited to HK\$100 in the event of the Organisation being wound up while he/she is a member, or within one year after he/she ceases to be a member.

2.1 STATEMENT OF COMPLIANCE

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 ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance.

2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Organisation has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
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The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Organisation.

NOTES TO FINANCIAL STATEMENTS

30 September 2015

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time, during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Organisation has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2015, in these financial statements. Among the new and revised HKFRSs, the following are expected to be relevant to the Organisation's financial statements upon becoming effective:

HKFRS 9	<i>Financial Instruments</i> ³
Amendments to HKAS 1	<i>Presentation of Financial Statements – Disclosure Initiative</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

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

⁴ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016

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

Further information about those HKFRSs that are expected to be applicable to the Organisation is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, which reflects all phases of the financial instruments project and replaces HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Organisation expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Organisation's financial assets but no impact on the classification and measurement of the Organisation's financial liabilities.

NOTES TO FINANCIAL STATEMENTS

30 September 2015

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS
(continued)

HKFRS 15 was issued in July 2014 and shall be applied for a financial period beginning on or after 1 January 2017. The effective date was deferred from 1 January 2017 to 1 January 2018 per amendment issued on 29 September 2015. The new standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Organisation is currently assessing the impact of HKFRS 15 upon adoption.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of comprehensive income in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of comprehensive income in the period in which it arises.

NOTES TO FINANCIAL STATEMENTS

30 September 2015

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Organisation 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 Organisation;
 - (ii) has significant influence over the Organisation; or
 - (iii) is a member of the key management personnel of the Organisation or of a parent of the Organisation;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Organisation are members of the same group;
 - (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 Organisation 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 Organisation or an entity related to the Organisation;
 - (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).

Property, plant and equipment and depreciation

Property, plant and 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. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Organisation recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	2% - 3.125%
Leasehold improvements	10%
Office equipment	20%
Office furniture and fixtures	20%
Computer equipment	25%
Motor vehicle	25%

NOTES TO FINANCIAL STATEMENTS

30 September 2015

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated in the statement of financial position at cost less subsequent accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of investment properties to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	3.125%

Any gains or losses on the retirement or disposal of investment properties are recognised in the statement of comprehensive income in the year of the retirement or disposal.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at each financial year end.

Computer software

Computer software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life at an annual rate of 25%.

NOTES TO FINANCIAL STATEMENTS

30 September 2015

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Organisation is the lessee, rentals payable under the operating leases are charged to the statement of comprehensive income on the straight-line basis over the lease terms.

Financial instruments

(a) Financial assets

The Organisation's financial assets include an amount due from a related ministry, deposits, other receivables, cash and cash equivalents 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 method, less any impairment losses. Any changes in their value are recognised in the statement of comprehensive income.

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 each financial year end 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 Organisation 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.

(b) Financial liabilities

The Organisation's financial liabilities include other payables. Financial liabilities are recognised when the Organisation 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.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Organisation's cash management.

NOTES TO FINANCIAL STATEMENTS

30 September 2015

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents (continued)

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Grants from Government or third parties

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. Grants relating to purchases of property, plant and equipment are set off against the acquisition cost of the assets.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Organisation and when the revenue can be measured reliably, on the following bases:

- (a) donations, on a cash basis in the period in which the donations are received;
- (b) gifts-in-kind represent food, medical equipment and medicines received from World Food Programme ("WFP") and United Nations Children's Fund ("UNICEF") by other World Vision International ("WVI") member organisations on behalf of the Organisation, which are recorded by the Organisation in accordance with agreements signed between WFP/UNICEF and WVI member organisations of which the Organisation is a member, are recorded in the period in which the gifts-in-kind are received and calculated based on pre-set values for each metric tonnage of foods and quantity of medical equipment and medicines;
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset; and
- (d) rental income, on a time proportion basis over the lease terms.

Employee benefits

Paid leave carried forward

The Organisation provides paid annual leave to its employees under their employment contracts. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

NOTES TO FINANCIAL STATEMENTS

30 September 2015

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Pension schemes

The Organisation operates defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income 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 Organisation in independently administered fund. The Organisation's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Foreign currency transactions

These financial statements are presented in Hong Kong dollars, which is the Organisation's functional and presentation currency. Foreign currency transactions are initially recorded by the Organisation using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Segment reporting

The Organisation has chosen to present the results and financial position of the Organisation attributable to different funds including general operating fund and designated and restricted funds for more informative presentation.

General operating fund includes aid and development and emergency relief. Aid and development represents long-term projects undertaken by the Organisation for lasting change in the lives of children, families and communities living in poverty. Emergency relief represents relief and rehabilitation projects undertaken by the Organisation in response to disasters, bringing urgently needed food and supplies to people in emergency situations as well as rehabilitation of the communities after the crisis.

Designated funds represent particular forms of funds, consisting of amounts which have been allocated or designated for specific purposes. Restricted fund represents funds subject to specific conditions, imposed by the donor.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Organisation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

30 September 2015

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgments

In the process of applying the Organisation's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Organisation determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Organisation considers whether a property generates cash flows largely independently of the other assets held by the Organisation.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Organisation accounts for the portions separately. If the portions could not be sold separately, the property is investment properties only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Organisation has to consider various factors, such as commercial obsolescence arising from changes or improvements, expected usage of an asset, respected physical wear and tear, care or maintenance of the asset. The estimate of the useful life of the asset is based on the experience of the Organisation with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, at each financial year end, based on changes in circumstances.

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

3. SEGMENT REPORTING

Based on the allocation agreed by the management, the segment reporting for the Organisation's operating results is as follows:

	Year ended 30 September 2015							Total HK\$
	Aid & development HK\$	Emergency relief HK\$	General operating fund HK\$	Designated funds HK\$	Restricted fund HK\$	Designated and restricted funds HK\$		
REVENUE								
Donations	734,496,293	77,005,611	811,501,904	667	-	667	811,502,571	
Other income and gains	1,616,746	-	1,616,746	915	-	915	1,617,661	
Gifts-in-kind	88,572,209	-	88,572,209	-	-	-	88,572,209	
Total donations, other income and gains	<u>824,685,248</u>	<u>77,005,611</u>	<u>901,690,859</u>	<u>1,582</u>	-	<u>1,582</u>	<u>901,692,441</u>	
EXPENDITURE								
Administration	18,065,711	-	18,065,711	151,374	-	151,374	18,217,085	
Fundraising	26,193,733	1,306,161	27,499,894	-	-	-	27,499,894	
Public education	10,274,853	-	10,274,853	88,120	-	88,120	10,362,973	
Ministry	3,930,790	-	3,930,790	-	-	-	3,930,790	
International relief and community development	675,678,901	76,872,847	752,551,748	-	255,652	255,652	752,807,400	
- Cash	88,572,209	-	88,572,209	-	-	-	88,572,209	
- Gifts-in-kind	822,716,197	78,179,008	900,895,205	239,494	255,652	495,146	901,390,351	
SURPLUS/(DEFICIT) FOR THE YEAR	<u>1,969,051</u>	<u>(1,173,397)</u>	<u>795,654</u>	<u>(237,912)</u>	<u>(255,652)</u>	<u>(493,564)</u>	<u>302,090</u>	

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

3. SEGMENT REPORTING (continued)

Based on the allocation agreed by the management, the segment reporting for the Organisation's operating results is as follows: (continued)

	Year ended 30 September 2014							Total HK\$
	Aid & development HK\$	Emergency relief HK\$	General operating fund HK\$	Designated funds HK\$	Restricted fund HK\$	Designated and restricted funds HK\$		
REVENUE								
Donations	706,506,619	47,106,999	753,613,618	1,894	-	1,894	753,615,512	
Other income and gains	1,570,817	-	1,570,817	3,000	-	3,000	1,573,817	
Gifts-in-kind	62,680,537	-	62,680,537	-	-	-	62,680,537	
Total donations, other income and gains	770,757,973	47,106,999	817,864,972	4,894	-	4,894	817,869,866	
EXPENDITURE								
Administration	17,967,046	-	17,967,046	188,087	-	188,087	18,155,133	
Fundraising	22,027,439	708,868	22,736,307	-	-	-	22,736,307	
Public education	11,134,853	-	11,134,853	89,340	-	89,340	11,224,193	
Ministry	3,154,910	-	3,154,910	-	-	-	3,154,910	
International relief and community development	653,584,993	45,946,534	699,531,527	-	224,444	224,444	699,755,971	
- Cash	62,680,537	-	62,680,537	-	-	-	62,680,537	
- Gifts-in-kind	770,549,778	46,655,402	817,205,180	277,427	224,444	501,871	817,707,051	
SURPLUS/(DEFICIT) FOR THE YEAR	208,195	451,597	659,792	(272,533)	(224,444)	(496,977)	162,815	

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

3. SEGMENT REPORTING (continued)

Based on the allocation agreed by the management, the segment reporting for the Organisation's financial position is as follows:

	30 September 2015		
	General operating fund HK\$	Designated and restricted funds HK\$	Total HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	25,917,287	-	25,917,287
Investment properties	3,440,149	-	3,440,149
Intangible assets	85,781	-	85,781
Total non-current assets	<u>29,443,217</u>	<u>-</u>	<u>29,443,217</u>
CURRENT ASSETS			
Advance funding to WVI member organisations	11,901,958	-	11,901,958
Other receivables	330,884	-	330,884
Prepayments and deposits	970,120	-	970,120
Cash and cash equivalents	72,385,639	11,402,203	83,787,842
Total current assets	<u>85,588,601</u>	<u>11,402,203</u>	<u>96,990,804</u>
CURRENT LIABILITIES			
Other payables and accruals	3,816,608	-	3,816,608
Deferred income	2,921,181	-	2,921,181
Total current liabilities	<u>6,737,789</u>	<u>-</u>	<u>6,737,789</u>
NET CURRENT ASSETS	<u>78,850,812</u>	<u>11,402,203</u>	<u>90,253,015</u>
Net assets	<u>108,294,029</u>	<u>11,402,203</u>	<u>119,696,232</u>
Total fund balances	<u>108,294,029</u>	<u>11,402,203</u>	<u>119,696,232</u>

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

3. SEGMENT REPORTING (continued)

Based on the allocation agreed by the management, the segment reporting for the Organisation's financial position is as follows: (continued)

	30 September 2014		
	General operating fund HK\$	Designated and restricted funds HK\$	Total HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	26,767,553	-	26,767,553
Investment properties	3,486,033	-	3,486,033
Total non-current assets	<u>30,253,586</u>	<u>-</u>	<u>30,253,586</u>
CURRENT ASSETS			
Advance funding to WVI member organisations	9,368,389	-	9,368,389
Other receivables	231,721	-	231,721
Prepayments and deposits	1,596,475	-	1,596,475
Cash and cash equivalents	72,931,950	11,895,867	84,827,817
Total current assets	<u>84,128,535</u>	<u>11,895,867</u>	<u>96,024,402</u>
CURRENT LIABILITIES			
Other payables and accruals	4,389,783	-	4,389,783
Deferred income	2,494,063	-	2,494,063
Total current liabilities	<u>6,883,846</u>	<u>-</u>	<u>6,883,846</u>
NET CURRENT ASSETS	<u>77,244,689</u>	<u>11,895,867</u>	<u>89,140,556</u>
Net assets	<u>107,498,275</u>	<u>11,895,867</u>	<u>119,394,142</u>
Total fund balances	<u>107,498,275</u>	<u>11,895,867</u>	<u>119,394,142</u>

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Organisation's turnover, represents donations received from various fundraising projects during the year.

An analysis of other income and gains is as follows:

	2015 HK\$	2014 HK\$
<u>Other income</u>		
Bank interest income	1,195,201	1,162,038
Rental income from investment properties	383,559	351,858
Others	915	3,000
	<u>1,579,675</u>	<u>1,516,896</u>
<u>Gains</u>		
Foreign exchange differences, net	<u>37,986</u>	<u>56,921</u>
	<u>1,617,661</u>	<u>1,573,817</u>

5. ADMINISTRATION

This represents all executive, organisational, and clerical costs incurred for common objectives that benefit multiple functions administered by the Organisation, or the Organisation as a whole.

6. FUNDRAISING

This represents all costs associated with acquiring and retaining donors to make voluntary contributions to the Organisation.

7. PUBLIC EDUCATION

This represents funds used to promote awareness among the people of Hong Kong and Macau on social, economic and spiritual factors of developing countries.

8. MINISTRY

This represents funds and gifts used to develop ministry for the long term interest of the communities and in pursuit of the Organisation's mission.

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

9. INTERNATIONAL RELIEF AND COMMUNITY DEVELOPMENT

The balances represent cash and gifts-in-kind contributed/commitments payable by the Organisation to WVI member organisations for international relief and community development projects.

An analysis of the use of funds is as follows:

	2015 HK\$	2014 HK\$
Cash paid to WVI member organisations	752,807,400	699,755,971
Gifts-in-kind to WVI member organisations	<u>88,572,209</u>	<u>62,680,537</u>
	<u>841,379,609</u>	<u>762,436,508</u>

10. SURPLUS BEFORE TAX

The Organisation's surplus before tax is arrived at after charging:

	Notes	2015 HK\$	2014 HK\$
Depreciation:			
On property, plant and equipment	14	1,657,203	1,598,702
On investment properties	15	45,884	45,884
On intangible assets	16	<u>5,719</u>	<u>-</u>
		1,708,806	1,644,586
Minimum lease payments under operating leases in respect of land and buildings		244,314	206,400
Auditors' remuneration		<u>103,400</u>	<u>100,200</u>

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

10. SURPLUS BEFORE TAX (continued)

The Organisation's surplus before tax is arrived at after charging: (continued)

	2015 HK\$	2014 HK\$
Employee benefits expense:		
Wages, salaries and allowances		
Administration	11,886,861	11,906,790
Fundraising	12,607,117	12,095,385
Public education	5,336,841	5,793,395
Ministry	3,488,286	2,513,310
	<u>33,319,105</u>	<u>32,308,880</u>
Pension scheme contributions (defined contribution schemes):		
Administration	933,375	849,483
Fundraising	831,702	777,075
Public education	308,962	326,279
Ministry	235,931	184,397
Net pension scheme contributions	<u>2,309,970</u>	<u>2,137,234</u>
	<u>35,629,075</u>	<u>34,446,114</u>
Government grants released for the expenditure incurred during the year*	<u>126,276,574</u>	<u>84,055,531</u>

* Various government grants have been received to carry out relief projects in the developing countries for a specific period during the year. Government grants received for which the related expenditure has not yet been undertaken are included in deferred income in the statement of financial position.

11. DIRECTORS' REMUNERATION

No director received any fees or emoluments in respect of their services rendered to the Organisation during the year (2014: Nil).

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

12. INCOME TAX

The Organisation is a charitable organisation within the meaning of Section 88 of the Hong Kong Inland Revenue Ordinance (Chapter 112) and, accordingly, is exempted from Hong Kong profits tax.

13. GENERAL OPERATING FUND

The balance represents funds intended for use for international relief and community development projects.

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

14. PROPERTY, PLANT AND EQUIPMENT

30 September 2015

	Freehold land HK\$	Buildings HK\$	Leasehold improvements HK\$	Office equipment HK\$	Office furniture and fixtures HK\$	Computer equipment HK\$	Motor vehicle HK\$	Total HK\$
At 30 September 2014 and at 1 October 2014:								
Cost	3,134,233	36,388,857	3,133,081	1,879,704	154,877	3,768,761	-	48,459,513
Accumulated depreciation	-	(15,342,503)	(2,200,586)	(1,320,707)	(154,877)	(2,673,287)	-	(21,691,960)
Net carrying amount	<u>3,134,233</u>	<u>21,046,354</u>	<u>932,495</u>	<u>558,997</u>	-	<u>1,095,474</u>	-	<u>26,767,553</u>
At 1 October 2014, net of accumulated depreciation	3,134,233	21,046,354	932,495	558,997	-	1,095,474	-	26,767,553
Additions	-	-	23,000	283,024	-	494,499	322,462	1,122,985
Grants received	-	-	-	-	-	-	(312,462)	(312,462)
Disposals	-	-	-	(2,369)	-	(1,217)	-	(3,586)
Depreciation provided during the year	-	(744,207)	(283,621)	(208,869)	-	(418,423)	(2,083)	(1,657,203)
At 30 September 2015, net of accumulated depreciation	<u>3,134,233</u>	<u>20,302,147</u>	<u>671,874</u>	<u>630,783</u>	-	<u>1,170,333</u>	<u>7,917</u>	<u>25,917,287</u>
At 30 September 2015:								
Cost	3,134,233	36,388,857	3,156,081	2,094,705	153,155	3,307,333	10,000	48,244,364
Accumulated depreciation	-	(16,086,710)	(2,484,207)	(1,463,922)	(153,155)	(2,137,000)	(2,083)	(22,327,077)
Net carrying amount	<u>3,134,233</u>	<u>20,302,147</u>	<u>671,874</u>	<u>630,783</u>	-	<u>1,170,333</u>	<u>7,917</u>	<u>25,917,287</u>

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

14. PROPERTY, PLANT AND EQUIPMENT (continued)

30 September 2014

	Freehold land HK\$	Buildings HK\$	Leasehold improvements HK\$	Office equipment HK\$	Office furniture and fixtures HK\$	Computer equipment HK\$	Motor vehicle HK\$	Total HK\$
At 1 October 2013:								
Cost	3,134,233	36,388,857	3,133,081	1,605,114	161,972	2,792,972	-	47,216,229
Accumulated depreciation	-	(14,598,296)	(1,898,367)	(1,184,080)	(161,972)	(2,379,939)	-	(20,222,654)
Net carrying amount	<u>3,134,233</u>	<u>21,790,561</u>	<u>1,234,714</u>	<u>421,034</u>	-	<u>413,033</u>	-	<u>26,993,575</u>
At 1 October 2013, net of accumulated depreciation	3,134,233	21,790,561	1,234,714	421,034	-	413,033	-	26,993,575
Additions	-	-	-	351,950	-	1,030,218	-	1,382,168
Disposals	-	-	-	(9,488)	-	-	-	(9,488)
Depreciation provided during the year	-	(744,207)	(302,219)	(204,499)	-	(347,777)	-	(1,598,702)
At 30 September 2014, net of accumulated depreciation	<u>3,134,233</u>	<u>21,046,354</u>	<u>932,495</u>	<u>558,997</u>	-	<u>1,095,474</u>	-	<u>26,767,553</u>
At 30 September 2014:								
Cost	3,134,233	36,388,857	3,133,081	1,879,704	154,877	3,768,761	-	48,459,513
Accumulated depreciation	-	(15,342,503)	(2,200,586)	(1,320,707)	(154,877)	(2,673,287)	-	(21,691,960)
Net carrying amount	<u>3,134,233</u>	<u>21,046,354</u>	<u>932,495</u>	<u>558,997</u>	-	<u>1,095,474</u>	-	<u>26,767,553</u>

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Organisation's freehold land is situated in Macau and the buildings are situated in Hong Kong and Macau. The building in Hong Kong is held under a long term lease. The buildings as at 30 September 2015 and 30 September 2014 are owner-occupied.

During the year, a grant of HK\$233,262 and an ex-gratia payment of HK\$79,200 were received from the Board of Management of the Chinese Permanent Cemeteries and the HKSAR government respectively for the purchase of motor vehicle.

15. INVESTMENT PROPERTIES

	HK\$
30 September 2015	
Cost at beginning of 1 October 2014, net of accumulated depreciation	3,486,033
Depreciation provided during the year	<u>(45,884)</u>
At 30 September 2015, net of accumulated depreciation	<u>3,440,149</u>
At 30 September 2015:	
Cost	3,811,043
Accumulated depreciation	<u>(370,894)</u>
Net carrying amount	<u>3,440,149</u>
30 September 2014	
Cost at beginning of 1 October 2013, net of accumulated depreciation	3,531,917
Depreciation provided during the year	<u>(45,884)</u>
At 30 September 2014, net of accumulated depreciation	<u>3,486,033</u>
At 30 September 2014:	
Cost	3,811,043
Accumulated depreciation	<u>(325,010)</u>
Net carrying amount	<u>3,486,033</u>

The Organisation's investment properties are situated in Macau and their land portions are held under freehold terms. The fair value of the Organisation's investment properties as at 30 September 2015 was HK\$16,540,000 (2014: HK\$17,320,000). The fair value has been arrived at based on a valuation carried out by Triumph Investment Company Limited, a subsidiary of Tai Fung Bank Limited in Macau.

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

15. INVESTMENT PROPERTIES (continued)

The fair value of the investment property was measured using the direct comparison method based on market observable transactions of similar properties without any significant adjustments and hence the investment property was classified as Level 2 of the fair value hierarchy.

The investment properties are for the time being surplus to the Organisation's current use and are now being held for rental purpose. During the year, the properties were all leased out under operating leases, further summary details of which are included in note 22 to the financial statements.

16. INTANGIBLE ASSETS

	Computer software HK\$
30 September 2015	
Cost at beginning of 1 October 2014, net of accumulated amortisation	-
Additions	91,500
Amortisation provided during the year	<u>(5,719)</u>
At 30 September 2015, net of accumulated amortisation	<u>85,781</u>
At 30 September 2015:	
Cost	421,000
Accumulated amortisation	<u>(335,219)</u>
Net carrying amount	<u>85,781</u>
30 September 2014	
Cost at beginning of 1 October 2013, net of accumulated amortisation	-
Amortisation provided during the year	<u>-</u>
At 30 September 2014, net of accumulated amortisation	<u>-</u>
At 30 September 2014:	
Cost	329,500
Accumulated amortisation	<u>(329,500)</u>
Net carrying amount	<u>-</u>

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

17. ADVANCE FUNDING TO WORLD VISION INTERNATIONAL MEMBER ORGANISATIONS

This represents advance funding to WVI member organisations for the international relief and community development projects of the following year. The balance is unsecured and interest-free.

18. CASH AND CASH EQUIVALENTS

	2015 HK\$	2014 HK\$
Cash and bank balances	4,911,164	5,969,830
Time deposits	<u>78,876,678</u>	<u>78,857,987</u>
	<u>83,787,842</u>	<u>84,827,817</u>

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term time deposits are made for varying periods of between one week and three months depending on the immediate cash requirements of the Organisation, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with licensed banks with no recent history of default.

19. OTHER PAYABLES AND ACCRUALS

	2015 HK\$	2014 HK\$
Other payables	306,012	926,789
Accruals	<u>3,510,596</u>	<u>3,462,994</u>
	<u>3,816,608</u>	<u>4,389,783</u>

Other payables are non-interest-bearing and have an average term of one month.

20. DEFERRED INCOME

The balance represents government grants received for which related expenditure has not yet been undertaken.

21. DESIGNATED AND RESTRICTED FUNDS

The balance represents funds allocated by the Organisation to certain projects or to projects designated by the donors.

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

22. OPERATING LEASE ARRANGEMENT

(a) As lessor

The Organisation leases its investment properties (note 15) under operating lease arrangement for two to three years.

At the end of the reporting period, the Organisation had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015 HK\$	2014 HK\$
Within one year	283,528	269,892
In the second to fifth years, inclusive	<u>414,333</u>	<u>19,528</u>
	<u>697,861</u>	<u>289,420</u>

(b) As lessee

The Organisation leases a warehouse in Hong Kong under operating lease arrangement for two years.

At the end of the reporting period, the Organisation had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	2015 HK\$	2014 HK\$
Within one year	244,314	244,314
In the second to fifth years, inclusive	<u>-</u>	<u>244,314</u>
	<u>244,314</u>	<u>488,628</u>

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

23. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Organisation:

	2015 HK\$	2014 HK\$
Short term employee benefits	4,595,377	4,144,879
Post-employment benefits	<u>482,561</u>	<u>437,977</u>
Total compensation paid to key management personnel	<u>5,077,938</u>	<u>4,582,856</u>
Average headcount	<u>6</u>	<u>6</u>

(b) In addition to the transactions and balances detailed elsewhere in these financial statements, the Organisation had the following material transactions with related parties during the year:

	2015 HK\$	2014 HK\$
International relief and community development – cash, to WVI member organisations	752,807,400	699,755,971
International relief and community development – gifts-in-kind, to WVI member organisations	<u>88,572,209</u>	<u>62,680,537</u>

International relief and community development expenditure were made on bases determined between the parties involved.

Details of the Organisation's cash and gifts-in-kind contributed/commitments payable and advance funding to WVI member organisations for international relief and community development projects are also disclosed in notes 9 and 17 to the financial statements, respectively. WVI is the lead organisation in a network of worldwide affiliated organisations under the entire World Vision family throughout the world using the World Vision trademark. The Organisation is a national support entity of WVI.

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

24. COMMITMENT

In addition to the operating lease commitments detailed in note 22(b) above, the Organisation had the following capital commitment with WVI at the end of the reporting period:

	2015 HK\$	2014 HK\$
Contracted, but not provided for Intangible assets – computer software	<u>9,958,622</u>	<u>9,978,025</u>

25. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Loans and receivables	
	2015 HK\$	2014 HK\$
Other receivables	330,884	231,721
Financial assets included in prepayments and deposits	224,150	243,154
Cash and cash equivalents	<u>83,787,842</u>	<u>84,827,817</u>
	<u>84,342,876</u>	<u>85,302,692</u>

Financial liabilities

	Financial liabilities at amortised cost	
	2015 HK\$	2014 HK\$
Financial liabilities included in other payables and accruals (note 19)	<u>306,012</u>	<u>926,789</u>

26. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The Organisation did not have any financial assets measured at fair value as at 30 September 2015 (2014: Nil).

The Organisation did not have any financial liabilities measured at fair value as at 30 September 2015 (2014: Nil).

NOTES TO FINANCIAL STATEMENTS

30 September 2015

26. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: Nil).

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Organisation's principal financial instruments comprise cash, bank balances and short term deposits. The main purpose of these financial instruments is to provide finance for the Organisation's operations. The Organisation has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

It is, and has been, throughout the year under review, the Organisation's policy that no trading in financial instruments shall be undertaken.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2015 and 30 September 2014.

The main risks arising from the Organisation's financial instruments are interest rate risk, foreign currency risk and credit risk. The Organisation manages risks according to the guidelines from the board of directors. The board of directors meets periodically to analyse and formulate measures to manage each of these risks and they are summarised below:

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organisation's interest-bearing financial instruments relate primarily to the Organisation's cash and bank balances.

Interest on bank balances will fluctuate according to changes in bank deposits rates. As at 30 September 2015, if the interest rates on bank deposits had increased or decreased by 15 basis points, with all other variables held constant, the surplus for the year would have increased or decreased (as the case may be) by approximately HK\$118,000 (2014: HK\$122,000) as a result of the change in bank interest income.

Foreign currency risk

The Organisation has transactional currency exposures. Such exposures arise from United States Dollar ("US\$") exposures in the international relief and community development expenditure via WVI in US\$. As the Hong Kong dollar, the Organisation's functional currency, is pegged to the US\$ with a fluctuation limit, there is limited foreign currency risk to the Organisation.

Credit risk

The Organisation's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as at the end of the reporting period, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the statement of financial position.

WORLD VISION HONG KONG
香港世界宣明會

NOTES TO FINANCIAL STATEMENTS

30 September 2015

28. CAPITAL POLICY

The Organisation is incorporated in Hong Kong as a limited company without a share capital. It is a tax-exempt charity recognised by the Inland Revenue Department. Its constitution prohibits the payment of remuneration to its directors, and the distribution of its surplus and assets to its members.

The Organisation manages its general operating fund and designated and restricted funds so as to (i) fulfill its commitments to relief and community development ministries; (ii) support its own long-term development; and (iii) meet short-term cash flow requirements.

A summary of the general operating fund and designated and restricted funds is set out in the statement of changes in equity on page 10.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 December 2015.