

HONG KONG UNIVERSITY ALUMNI ASSOCIATION
Annual Report
For the year ended
31 January 2008

LAURA LEE YEE WAH & CO.
Certified Public Accountants
HONG KONG

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

31 January 2008

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CERTIFIED PUBLIC ACCOUNTANTS

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李綺華
會計師事務所

REPORT OF THE HONORARY AUDITOR TO THE MEMBERS OF HONG KONG UNIVERSITY ALUMNI ASSOCIATION (incorporated in Hong Kong with liability limited by guarantee)

We have audited the consolidated financial statements of Hong Kong University Alumni Association set out on page 3 to 25 which comprise the consolidated and Association balance sheet as at 31 January 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Executive committee's responsibility for the financial statements

The executive committee of the Association are 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 and the Hong Kong Companies Ordinance. 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.

Auditor's 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 the true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

.....Cont'd

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REPORT OF THE HONORARY AUDITOR
TO THE MEMBERS OF HONG KONG UNIVERSITY ALUMNI ASSOCIATION
(incorporated in Hong Kong with liability limited by guarantee)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Association and of the group as at 31 January 2008 and of the group's deficit 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.



Laura Lee Yee Wah & Co.
Certified Public Accountants
Rm 1501, 15th Floor,
Kwai Hung Holdings Centre,
89 King's Road,
North Point,
Hong Kong, 2 September 2008

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

CONSOLIDATED BALANCE SHEET

As at 31 January 2008

	Note	2008 HK\$	2007 HK\$
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment	5	2,289,849	1,286,244
Lease premium for land	6	<u>3,186,435</u>	<u>3,190,256</u>
		<u>5,476,284</u>	<u>4,476,500</u>
<u>CURRENT ASSETS</u>			
Utility and other deposits	7	131,400	131,400
Bar stock	8	17,188	16,153
Stock	9	8,020	16,020
Sundry debtors	7	136,112	117,220
Cash at bank and in hand	13	137,528	530,577
Prepayments	7	<u>48,590</u>	<u>16,020</u>
		<u>478,838</u>	<u>827,390</u>
<u>CURRENT LIABILITIES</u>			
Members' deposit		-	35,719
Sundry creditors and accruals	10	649,185	517,647
Secured bank loan			
- current portion	11	648,911	168,495
Deposit received		300,000	300,000
Bank overdraft	13	<u>93,311</u>	<u>-</u>
		<u>1,691,407</u>	<u>1,021,861</u>
<u>NET CURRENT (LIABILITIES)</u>		(1,212,569)	(194,471)
<u>LONG TERM LIABILITIES</u>			
	11	(3,485,160)	(3,092,489)
		<u>778,555</u>	<u>1,189,540</u>

HONG KONG UNIVERSITY ALUMNI ASSOCIATION
CONSOLIDATED BALANCE SHEET

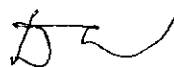
As at 31 January 2008

	2008 HK\$	2007 HK\$
Representing:		
<u>GENERAL RESERVE</u>		
Credit balance brought forward	1,075,210	499,187
Add : (Deficit)/Surplus for the year	(417,885)	<u>576,023</u>
	<u>657,325</u>	<u>1,075,210</u>
 <u>SCHOLARSHIP FOUNDATION FUND</u>		
Credit balance brought forward	<u>50,130</u>	<u>50,130</u>
	50,130	50,130
 <u>LIFE MEMBERS' SUBSCRIPTION FUND</u>		
Credit balance brought forward	64,200	82,200
Addition during the year	<u>36,000</u>	<u>18,000</u>
	100,200	100,200
Less : Amount credited to income for the year	(29,100)	(36,000)
	<u>71,100</u>	<u>64,200</u>
 <u>TOTAL FUNDS</u>	<u>778,555</u>	<u>1,189,540</u>

Approved and authorised for issue by the executive committee on 2 September 2008



Thomas C.C. So
President



Danny F.L. Li
Hon. Treasurer

HONG KONG UNIVERSITY ALUMNI ASSOCIATION
CONSOLIDATED INCOME STATEMENT

For the year ended 31 January 2008

		2008	2007
		HK\$	HK\$
<u>TURNOVER</u>			
Membership Subscription and Entrance Fee			
- Life Member		29,100	36,000
- Subscribing Member		25,200	-
- Entrance Fee		6,000	-
Members' General Donation		3,250	6,200
Surplus balance			
	<u>Catering</u>	<u>Bar</u>	
	HK\$	HK\$	
Sales	9,656,705	227,025	10,378,933
Less : Cost of sales	<u>8,597,739</u>	<u>78,753</u>	<u>9,065,097</u>
	<u>1,058,966</u>	<u>148,272</u>	1,207,238
Levy on sales at club premises		1,136,110	1,200,171
<u>OTHER REVENUE</u>			
Interest received		63	-
Consignment sale profit		524	462
Sundry income		73,947	49,511
Surplus from Natural High event		-	350
Surplus from Wine Gathering and Tasting		-	1,339
Surplus from Count down party		7,900	1,343
Surplus from Feb 10 Dinner		7,807	-
Surplus from March 4 Dinner		6,732	-
Surplus from April 6 party		5,044	-
Surplus from Jun 30 party		2,435	-
Surplus from August 30 party		239	-
Surplus from September 28 party		20	-
Surplus from October 27 party		7,874	-
Surplus from December 25 party		<u>3,854</u>	-
		<u>2,523,337</u>	<u>2,609,212</u>

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

CONSOLIDATED INCOME STATEMENT

For the year ended 31 January 2008

	2008	2007
	HK\$	HK\$
<u>EXPENDITURE</u>		
Rent, rates and premises management charges	145,880	159,603
Salaries and wages	544,863	460,043
Staff provident fund contribution and expenses	26,684	21,837
Staff meal supplied	40,320	38,400
Staff bonus	51,474	53,030
Staff commission	77,512	103,789
Water and electricity	179,190	183,598
Telecommunications	17,447	6,180
Stamp	2,164	3,362
Stationery and printing	34,790	24,749
Newspaper and magazine	7,212	8,710
Staff uniform	1,857	250
Travelling	692	323
Insurance	17,146	15,442
Laundry	78,296	88,543
Cleaning, sanitary and maintenance	27,430	29,373
Sundry expenses	48,354	64,611
Repairs and renewal	109,787	126,202
Licence	18,890	22,140
Bank charges	137,015	141,252
Bank overdraft interest	2,165	441
Bank loan interest	189,406	202,481
Challenge Cup	8,000	8,000
Addition and replacement of utensils and soft furnishing	21,837	9,528
Depreciation	508,259	254,560
Amortization of lease premium for land	3,821	3,821
Bad debt written off	14,546	-
Young Alumni mentorship programme expenses	16,739	-
New graduate welcome tea party expenses	3,706	2,158
Deficit on September 30 boating	3,420	-
Deficit on Golf event	7,765	763
Deficit on December 28 party	365	-
Deficit on disposal of fixed asset –club decoration	594,190	-
	<u>2,941,222</u>	<u>2,033,189</u>
	<u>(417,885)</u>	<u>576,023</u>

HONG KONG UNIVERSITY ALUMNI ASSOCIATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 January 2008

	<u>General Reserve</u> HK\$	<u>Scholarship Foundation Fund</u> HK\$	<u>Life Members' Subscription Fund</u> HK\$	<u>Total</u> HK\$
At 31 January 2006	499,187	50,130	82,200	631,517
(Decrease) in Life members' subscription fund	-	-	(18,000)	(18,000)
Surplus for the year	<u>576,023</u>	<u>-</u>	<u>-</u>	<u>576,023</u>
At 31 January 2007	<u>1,075,210</u>	<u>50,130</u>	<u>64,200</u>	<u>1,189,540</u>
	<u>General Reserve</u> HK\$	<u>Scholarship Foundation Fund</u> HK\$	<u>Life Members' Subscription Fund</u> HK\$	<u>Total</u> HK\$
At 31 January 2007	1,075,210	50,130	64,200	1,189,540
Increase in Life members' subscription fund	-	-	6,900	6,900
(Deficit) for the year	<u>(417,885)</u>	<u>-</u>	<u>-</u>	<u>(417,885)</u>
At 31 January 2008	<u>657,325</u>	<u>50,130</u>	<u>71,100</u>	<u>778,555</u>

HONG KONG UNIVERSITY ALUMNI ASSOCIATION
CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 January 2008

	Note	2008 HK\$	2007 HK\$
Cash flows from operating activities			
(Deficit) / Surplus before tax		(417,885)	576,023
Adjustments for:			
- Depreciation		508,259	254,560
- Finance costs		191,571	202,922
- Interest received		(63)	-
- Recognition of prepaid lease payment		3,821	3,821
- Bad debt written off		14,546	-
- Amount written back		(31,250)	-
- Membership subscription		6,900	(18,000)
-Loss on disposal of fixed asset		<u>594,190</u>	<u>-</u>
Operating surplus before working capital changes		870,089	1,019,326
Decrease/ (Increase) in inventories		6,965	(17,923)
(Increase) in trade and other receivables		(66,008)	(42,111)
Increase/(Decrease) in trade and other payables		<u>127,069</u>	<u>(33,153)</u>
Cash generated from operations		938,115	926,139
Interest paid		(191,571)	(202,922)
Hong Kong profits tax paid		<u>-</u>	<u>-</u>
Net cash from operating activities		<u>746,544</u>	<u>723,217</u>
Cash flows from investing activities			
Interest received		63	-
Purchase of property, plant and equipment		<u>(2,106,054)</u>	<u>(280,023)</u>
Net cash used in investing activities		<u>(2,105,991)</u>	<u>(280,023)</u>
Cash flows from financing activities			
New bank loan		1,200,000	-
Repayment of bank loan		<u>(326,913)</u>	<u>(573,719)</u>
Net cash from/(used in) financing activities		<u>873,087</u>	<u>(573,719)</u>
Net (decrease) in cash and cash equivalents		(486,360)	(130,525)
Cash and cash equivalents at beginning of the year		<u>530,577</u>	<u>661,102</u>
Cash and cash equivalents at end of the year	13	<u>44,217</u>	<u>530,577</u>

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

BALANCE SHEET

As at 31 January 2008

	Note	2008 HK\$	2007 HK\$
<u>NON-CURRENT ASSETS</u>			
Fixed assets - property, plant and equipment	5	2,094,547	1,076,247
Lease premium for land	6	1,800,169	1,802,328
Investment in subsidiary	12	<u>1,500,000</u>	<u>1,500,000</u>
		<u>5,394,716</u>	<u>4,378,575</u>
<u>CURRENT ASSETS</u>			
Utility and other deposits	7	129,650	129,650
Bar stock	8	17,188	16,153
Stock	9	8,020	16,020
Sundry debtors	7	136,112	117,220
Cash at bank and in hand	13	137,528	530,577
Prepayments	7	<u>48,590</u>	<u>16,020</u>
		<u>477,088</u>	<u>825,640</u>
<u>CURRENT LIABILITIES</u>			
Members' deposit		-	35,719
Sundry creditors and accruals	10	646,526	514,988
Secured bank loan			
- current portion	11	648,911	168,495
Deposit received		300,000	300,000
Amount due to subsidiary		3,706	3,706
Bank overdraft	13	<u>93,311</u>	<u>-</u>
		<u>1,692,454</u>	<u>1,022,908</u>
<u>NET CURRENT (LIABILITIES)</u>		(1,215,366)	(197,268)
<u>LONG TERM LIABILITIES</u>			
	11	(3,485,160)	(3,092,489)
		<u>694,190</u>	<u>1,088,818</u>

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

BALANCE SHEET

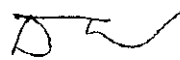
As at 31 January 2008

	2008 HK\$	2007 HK\$
Representing:		
<u>GENERAL RESERVE</u>		
Credit balance brought forward	974,488	379,978
Add : (Deficit) / Surplus for the year	<u>(401,528)</u>	<u>594,510</u>
	<u>572,960</u>	<u>974,488</u>
<u>SCHOLARSHIP FOUNDATION FUND</u>		
Credit balance brought forward	<u>50,130</u>	<u>50,130</u>
	<u>50,130</u>	<u>50,130</u>
<u>LIFE MEMBERS' SUBSCRIPTION FUND</u>		
Credit balance brought forward	64,200	82,200
Addition during the year	<u>36,000</u>	<u>18,000</u>
	100,200	100,200
Less : Amount credited to income for the year	<u>(29,100)</u>	<u>(36,000)</u>
	<u>71,100</u>	<u>64,200</u>
<u>TOTAL FUNDS</u>	<u>694,190</u>	<u>1,088,818</u>

Approved and authorised for issue by the executive committee on 2 September 2008



Thomas C.C. So
President



Danny F.L. Li
Hon. Treasurer

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

1. STATUS

The Association was incorporated under Hong Kong Companies Ordinance and is limited by guarantee not having a share capital.

The registered office of the Association is located at Room 101, 1st Floor, Yip Fung Building, 2 D'Aguilar Street, Hong Kong. During the year, the principal activities of the Association were to engage in the provision of club catering services and the promotion of welfare and social activities for members.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars.

Basis of consolidation

The consolidated financial statements of the group include the financial statements of the Association and its subsidiary for the year ended 31 January 2008. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiary are consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

(b) Subsidiaries

A subsidiary is an entity whose financial and operating policies the Association controls directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiary are included in the Association's income statement to the extent of dividends received and receivable. The Association's interests in subsidiary are stated at costs less any impairment losses.

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Related parties

A party is considered to be related to the Group if:

- (i) directly or indirectly through one or more intermediaries, the party (1) controls, is controlled by, or is under common control with the Group; (2) has an interest in the Group that gives it significant influence over the Group; or (3) has joint control over the Group;
- (ii) the party is a member of the key management personnel of the Group or its parent;
- (iii) the party is a close member of the family of any individual referred to in (i) or (ii); or
- (iv) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (ii) or (iii).

(d) Fixed assets

Fixed assets represent property, plant and equipment and are stated in the balance sheet at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost or carrying amount of buildings, less their estimated residual value, if any, on a straight line basis over estimated useful lives as follows:

Building	2% p.a.
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The depreciation of other fixed assets is calculated at 20% per annum on diminishing value.

The residual value and the useful life of an asset are reviewed at least at each financial year-end.

Gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

(e) Stock

Stock is stated at the lower of cost and net realizable value certified by the manager.

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(f) Trade and other receivables

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

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

At each balance sheet date, the Group assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on trade and other receivables are recognized in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition.

(g) Trade and other payables

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

(h) Interest-bearing borrowings

Interest-bearing borrowings, mainly bank loans and overdrafts, are measured initially at fair value less transaction costs and, after initial recognition, at amortised cost, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

(i) Employee benefits

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Association of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Association. Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognized as an expense in the profit and loss account as incurred.

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(j) Leases

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Group. All other leases are classified as operating leases.

i) Finance lease

Assets held under finance leases are recognized in the balance sheet at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases. All assets held under finance leases are classified as fixed assets, except for those properties held to earn rental income which are classified as investment property, in the balance sheet.

Depreciation and impairment loss are calculated and recognized in the same manner as the depreciation and impairment loss on fixed assets as set out in note 2(d) except the estimated useful lives cannot exceed the relevant lease terms, if shorter.

Minimum lease payments are apportioned between finance charge and the reduction of the outstanding liabilities. The finance charge is recognized in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii) Lease of land and building

Whenever necessary in order to classify and account for a lease of land and buildings, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception of the lease.

The land element is classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term. The buildings element is classified as a finance or operating lease in the same way as leases of other assets.

If the lease payments on a lease of land and building cannot be allocated reliably between the land and building elements at the inception of the lease, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

iii) Operating leases

Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognized in the balance sheet as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

(k) Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, (other than inventories, financial assets and investment properties) the asset's recoverable amount is estimated.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the period in which it arises unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized 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, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(l) Revenue recognition

- i. Taking and service charges from restaurant are recognized as revenue when services are rendered to customers.
- ii. All donation and subscription other than subscription from Life Member of the Association is accounted for on cash basis.
- iii. Subscription from Life member of the Association is credited, on a straight line basis, over ten years to the profit and loss account.
- iv. Interest income is recognized using the effective interest method.

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(m) Turnover

The principal activities of the Association during the year were to engage in the provision of club catering services and the promotion of welfare and social activities for members. Turnover represents members' donations and subscriptions and invoice amounts of takings and service charges from restaurant during the year.

3. TAXATION

The Association is exempted from Hong Kong Profits Tax in accordance with Section 24 of the Inland Revenue Ordinance.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

5. PROPERTY, PLANT AND EQUIPMENT

Group

	<u>Buildings</u> HK\$	<u>Furniture, fixtures & equipment</u> HK\$	<u>Crockery, silverware & kitchen equipment</u> HK\$	<u>Decoration & improvement</u> HK\$	<u>Total</u> HK\$
COST					
Balance at 1.2.2006	559,709	486,249	453,826	2,102,546	3,602,330
Additions during the year	-	53,193	73,830	153,000	280,023
Balance at 31.1.2007	<u>559,709</u>	<u>539,442</u>	<u>527,656</u>	<u>2,255,546</u>	<u>3,882,353</u>
AGGREGATE DEPRECIATION					
Balance at 1.2.2006	235,733	250,828	342,180	1,512,808	2,341,549
Charges for the year	11,194	57,722	37,096	148,548	254,560
Balance at 31.1.2007	<u>246,927</u>	<u>308,550</u>	<u>379,276</u>	<u>1,661,356</u>	<u>2,596,109</u>
NET BOOK VALUE					
As at 31.1.2007	<u>312,782</u>	<u>230,892</u>	<u>148,380</u>	<u>594,190</u>	<u>1,286,244</u>
COST					
Balance at 1.2.2007	559,709	539,442	527,656	2,255,546	3,882,353
Additions during the year	-	194,708	-	1,911,346	2,106,054
Disposal during the year	-	-	-	(2,255,546)	(2,255,546)
Balance at 31.1.2008	<u>559,709</u>	<u>734,150</u>	<u>527,656</u>	<u>1,911,346</u>	<u>3,732,861</u>
AGGREGATE DEPRECIATION					
Balance at 1.2.2007	246,927	308,550	379,276	1,661,356	2,596,109
Charges for the year	11,194	85,120	29,676	382,269	508,259
Written back on Disposal	-	-	-	(1,661,356)	(1,661,356)
Balance at 31.1.2008	<u>258,121</u>	<u>393,670</u>	<u>408,952</u>	<u>382,269</u>	<u>1,443,012</u>
NET BOOK VALUE					
As at 31.1.2008	<u>301,588</u>	<u>340,480</u>	<u>118,704</u>	<u>1,529,077</u>	<u>2,289,849</u>

The building located in the land held under operating lease is considered to be held under finance lease and stated at cost less accumulated depreciation and impairment.

At 31 January 2008, certain of the Group's buildings with a net book value of approximately HK\$ 152,366 (2007: HK\$160,385) were pledged to secure general banking facilities granted to the Group.

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Association

	<u>Buildings</u> HK\$	<u>Furniture, fixtures & equipment</u> HK\$	<u>Crockery, silverware & kitchen equipment</u> HK\$	<u>Decoration & improvement</u> HK\$	<u>Total</u> HK\$
COST					
Balance at 1.2.2006	400,962	409,518	453,826	2,102,546	3,366,852
Additions during the year	<u>-</u>	<u>53,193</u>	<u>73,830</u>	<u>153,000</u>	<u>280,023</u>
Balance at 31.1.2007	<u>400,962</u>	<u>462,711</u>	<u>527,656</u>	<u>2,255,546</u>	<u>3,646,875</u>
AGGREGATE DEPRECIATION					
Balance at 1.2.2006	232,558	246,097	342,180	1,512,808	2,333,643
Charges for the year	<u>8,019</u>	<u>43,322</u>	<u>37,096</u>	<u>148,548</u>	<u>236,985</u>
Balance at 31.1.2007	<u>240,577</u>	<u>289,419</u>	<u>379,276</u>	<u>1,661,356</u>	<u>2,570,628</u>
NET BOOK VALUE					
As at 31.1.2007	<u>160,385</u>	<u>173,292</u>	<u>148,380</u>	<u>594,190</u>	<u>1,076,247</u>
COST					
Balance at 1.2.2007	400,962	462,711	527,656	2,255,546	3,646,875
Additions during the year	-	194,708	-	1,911,346	2,106,054
Disposal during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,255,546)</u>	<u>(2,255,546)</u>
Balance at 31.1.2008	<u>400,962</u>	<u>657,419</u>	<u>527,656</u>	<u>1,911,346</u>	<u>3,497,383</u>
AGGREGATE DEPRECIATION					
Balance at 1.2.2007	240,577	289,419	379,276	1,661,356	2,570,628
Charges for the year	8,019	73,600	29,676	382,269	493,564
Written back on proposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,661,356)</u>	<u>(1,661,356)</u>
Balance at 31.1.2008	<u>248,596</u>	<u>363,019</u>	<u>408,952</u>	<u>382,269</u>	<u>1,402,836</u>
NET BOOK VALUE					
As at 31.1.2008	<u>152,366</u>	<u>294,400</u>	<u>118,704</u>	<u>1,529,077</u>	<u>2,094,547</u>

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

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6. LEASE PREMIUM FOR LAND

Group

	2008 HK\$	2007 HK\$
Carrying amount at 1 February	3,190,256	3,194,077
Amortisation of prepaid land lease payment	(3,821)	(3,821)
Carrying amount at 31 January	<u>3,186,435</u>	<u>3,190,256</u>

The leasehold land is held under a long term lease and is situated in Hong Kong.

Association

	HK\$	HK\$
Carrying amount at 1 February	1,802,328	1,804,487
Amortisation of prepaid land lease payment	(2,159)	(2,159)
Carrying amount at 31 January	<u>1,800,169</u>	<u>1,802,328</u>

7. TRADE AND OTHER RECEIVABLE

Group

	HK\$	HK\$
Debtors, deposits and prepayments	<u>316,102</u>	<u>264,640</u>
	<u>316,102</u>	<u>264,640</u>

Association

	HK\$	HK\$
Debtors, deposits and prepayments	<u>314,352</u>	<u>262,890</u>
	<u>314,352</u>	<u>262,890</u>

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

8. BAR STOCK

	<u>Group and Association</u>	
	2008	2007
	HK\$	HK\$
Bar stock, at cost as certified by the manager	<u>17,188</u>	<u>16,153</u>

9. STOCK

	<u>Group and Association</u>	
	HK\$	HK\$
Stock, at cost as certified by the manager	<u>8,020</u>	<u>16,020</u>

10. TRADE AND OTHER PAYABLES

Group	HK\$	HK\$
Creditors and accruals	<u>649,185</u>	<u>517,647</u>
	<u>649,185</u>	<u>517,647</u>
Association	HK\$	HK\$
Creditors and accruals	<u>646,526</u>	<u>514,988</u>
	<u>646,526</u>	<u>514,988</u>

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

11. BANK LOANS (SECURED)

	<u>Group and Association</u>	
	2008	2007
	HK\$	HK\$
Bank loans	<u>4,134,071</u>	<u>3,260,984</u>
	<u>4,134,071</u>	<u>3,260,984</u>
	HK\$	HK\$
Secured bank loan	4,134,071	3,260,984
Less: Amount due within one year included in current liabilities	(648,911)	(168,495)
Long term portion repayable after one year	<u>3,485,160</u>	<u>3,092,489</u>

The maturity of bank borrowings is as follows:

	HK\$	HK\$
On demand or within one year	648,911	168,495
Between one to two years	648,911	168,495
Between two to five years	647,120	505,485
Over five years	<u>2,189,129</u>	<u>2,418,509</u>
	<u>4,134,071</u>	<u>3,260,984</u>

The above loans were secured by the land and building of the Association.

Bank loans of HK\$ 4,134,071 (2007 : HK\$3,260,984) are arranged at floating interest rates, thus exposing the Group to cash flow interest rate risk.

At 31 January 2008, the Group had available HK\$500,000 (2007: HK\$500,000) of undrawn bank overdraft facilities in respect of which all conditions precedent had been met.

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

12. INVESTMENT IN SUBSIDIARY

Particulars of the subsidiary are as follows:

<u>Name</u>	<u>Place of incorporation</u>	<u>Nominal value of issued ordinary shares</u>	<u>Percentage of equity attributable to the Association</u>	<u>Principal activities</u>
			<u>direct</u>	
Scott Investment Limited	Hong Kong	HK\$1,000	100	Property holding
			2008	2007
			HK\$	HK\$
Cost of investments in subsidiary unlisted			418,000	418,000
Loan receivable from subsidiary			<u>1,082,000</u>	<u>1,082,000</u>
			<u>1,500,000</u>	<u>1,500,000</u>

13. CASH AND CASH EQUIVALENTS

	<u>Group and Association</u>	
	2008	2007
	HK\$	HK\$
Cash at bank and on hand	137,528	530,577
Bank overdraft	(93,311)	-
Cash and cash equivalents in the cash flow statement	<u>44,217</u>	<u>530,577</u>

14. PLEDGE OF ASSETS

The Association's building and land held under operating lease has been pledged with the Wing Lung Bank Limited as security for a mortgage to the extent of all monies due.

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

15. COMMITMENTS

At 31 January 2008, the total future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	2008 Association HK\$	2007 Association HK\$
Not later than one year	4,000	48,000
Later than one year and not later than five years	-	4,000
Later than five years	<u>-</u>	<u>-</u>
	<u>4,000</u>	<u>52,000</u>

16. FINANCIAL RISK MANAGEMENT

The Group is exposed to various kinds of risks in its operation and financial instruments. The Group's risk management objectives and policies mainly focus on minimizing the potential adverse effects of these risks on the Group by closely monitoring the individual exposure as follows:

a. Foreign exchange risk

Foreign exchange risk arises where future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the functional currency of the Association. The Executive Committee is of the opinion that the Group does not have significant foreign exchange risk under the current operations.

b. Price risk

The Executive Committee is of the opinion that the Group does not have significant price risk under the current operations.

c. Credit risk

The Group has no significant credit risk, including risk resulting from counterparty default and risk of concentration. The Group has policies in place for the control and monitoring of relevant credit risk.

The credit risk on bank balances and deposits is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies.

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

16. FINANCIAL RISK MANAGEMENT (CONT'D)

d. Liquidity risk

The Group is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$	More than 1 year but less than 2 years HK\$	More than 2 years but less than 5 years HK\$	More than 5 years HK\$
<u>2008</u>						
Creditor and accrual	649,185	649,185	649,185	-	-	-
Deposit received	300,000	300,000	300,000	-	-	-
Bank loan	<u>4,134,071</u>	<u>5,061,010</u>	<u>813,804</u>	<u>813,804</u>	<u>1,070,005</u>	<u>2,363,397</u>
	<u>5,083,256</u>	<u>6,010,195</u>	<u>1,762,989</u>	<u>813,804</u>	<u>1,070,005</u>	<u>2,363,397</u>
<u>2007</u>						
Creditor and accrual	517,647	517,647	517,647	-	-	-
Deposit received	300,000	300,000	-	300,000	-	-
Bank loan	<u>3,260,984</u>	<u>4,590,153</u>	<u>348,619</u>	<u>348,619</u>	<u>1,045,857</u>	<u>2,847,058</u>
	<u>4,078,631</u>	<u>5,407,800</u>	<u>866,266</u>	<u>648,619</u>	<u>1,045,857</u>	<u>2,847,058</u>

HONG KONG UNIVERSITY ALUMNI ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2008

16. FINANCIAL RISK MANAGEMENT (CONT'D)

e. Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

f. Fair value

All the following financial assets and liabilities of the Group are carried at amounts not materially different from their fair values as at 31 January 2007 and 2008: trade and other receivables, other current assets, cash and cash equivalents, payables and accrued charges and secured bank borrowings.

g. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal fund structure.

17. FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of authorization of these financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective. The Group has already commenced an assessment of these HKFRSs which are effective for accounting periods beginning on or after 1 January 2008 but is not yet in a position to state whether these HKFRSs would have a significant impact on its results of operations and financial position. The Group will be continuing with the assessment of the impact of these new HKFRSs and other significant changes may be identified as a result.