

ASIAN FUND FOR CANCER RESEARCH LIMITED
亞洲癌症研究基金會有限公司

(Limited by Guarantee)

Reports and Financial Statements

For the year ended 31 December 2015

ASIAN FUND FOR CANCER RESEARCH LIMITED
亞洲癌症研究基金會有限公司

Reports and Financial Statements
For the year ended 31 December 2015

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ASIAN FUND FOR CANCER RESEARCH LIMITED

亞洲癌症研究基金會有限公司

Council Members' Report

The Council Members have pleasure to present their report together with the audited financial statements of the Association for the year ended 31 December 2015.

Principal activities

The Association is a charitable organization engaged in raising funds and committed to fighting cancer through research in prevention, earlier diagnostic techniques, more effective treatments and ultimately, achieving one of medicine's greatest goals: curing cancer to save lives. The Association fulfills this mission by funding outstanding scientists across Asia who pioneer cancer research and funding prevention education programs.

Results

The financial performance and the movement of reserve of the Association for the year and its financial position as at that date are set out in the financial statements on pages 3 to 11.

Council Members

The Council Members who held office during the year and up to the date of this report were,

Mr. WONG Gary Gee Nung

Mr. YU Cheung Hoi

Ms. CHAN Kwok Fai

In accordance with the Articles of Association, all the council members shall retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

Council Members' interest in contract

No contract of significance to which the Association was a party, and in which a council member of the Association had a material interest, subsisted at the end of the year or at any time during the year.

Business review

The Association is exempted from preparing a business review as it falls within reporting exemption for the year.

Auditor

The financial statements have been audited by Messrs. LKY China who offer themselves for re-appointment.

On behalf of the Council


Mr. WONG Gary Gee Nung
Chairman

Hong Kong, 31 May 2016



華強會計師事務所

LKY CHINA

Certified Public Accountants (Practising), Hong Kong

Independent Auditor's Report

To the Members of ASIAN FUND FOR CANCER RESEARCH LIMITED

亞洲癌症研究基金會有限公司

(Incorporated in Hong Kong with liability limited by guarantee)

Partners:

甄達華會計師
JOSEPH T. W. YAN
FCPA (Practising), ACA,
FCCA, FTIHK, MSCA

高志強會計師
ALBERT C.K. KO
FCPA (Practising), ACA,
ASA, FTIHK, BBA, MA

蔡少芬會計師
NATALIE S.F. CHOY
CPA (Practising), FCCA,
MA (Acctg)

We have audited the financial statements of ASIAN FUND FOR CANCER RESEARCH LIMITED set out on pages 3 to 11, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in reserve and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Council Members' responsibility for the financial statements

The Council Members are responsible for the preparation of the 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 Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion 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 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 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 Council Members, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 December 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.

LKY China

Certified Public Accountants (Practising)

Hong Kong, 31 May 2016

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ASIAN FUND FOR CANCER RESEARCH LIMITED

亞洲癌症研究基金會有限公司

**Statement of Comprehensive Income
For the year ended 31 December 2015**

	Note	2015	2014	For reference only	
		HK\$	HK\$	2015 US\$	2014 US\$
Revenue	5	3,915,820	3,428,671	503,319	440,703
Research grant receivable from a charitable association		-	4,279,000	-	550,000
Bank interest income		264	25	34	3
Expenses		(3,535,536)	(2,761,563)	(454,440)	(354,957)
Total comprehensive income and surplus for the year	6	<u>380,548</u>	<u>4,946,133</u>	<u>48,913</u>	<u>635,749</u>

ASIAN FUND FOR CANCER RESEARCH LIMITED

亞洲癌症研究基金會有限公司

Statement of Financial Position as at 31 December 2015

	2015	2014	For reference only	
	HK\$	HK\$	2015 US\$	2014 US\$
Current assets				
Contribution receivable from a charitable association	-	3,578,971	-	460,022
Prepayments	2,518	-	323	-
Bank balances	9,061,787	4,237,925	1,164,754	544,720
	<u>9,064,305</u>	<u>7,816,896</u>	<u>1,165,077</u>	<u>1,004,742</u>
Current liabilities				
Accounts payable and accrued charges	1,007,691	140,830	129,524	18,102
Net assets	<u>8,056,614</u>	<u>7,676,066</u>	<u>1,035,553</u>	<u>986,640</u>
Reserves				
Accumulated surplus	6,406,942	4,136,733	824,624	532,824
Restricted fund	1,649,672	3,539,333	213,004	455,891
Exchange difference	-	-	(2,075)	(2,075)
	<u>8,056,614</u>	<u>7,676,066</u>	<u>1,035,553</u>	<u>986,640</u>

The financial statements together with accompanying notes set out on pages 3 to 11 were approved and authorised for issue by the Council Members on 31 May 2016 and signed on their behalf by



Mr. WONG Gary Gee Nung
Council Member



Ms. CHAN Kwok Fai
Council Member

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**Statement of Changes in Reserve
For the year ended 31 December 2015**

	Restricted <u>fund</u> HK\$	Accumulated <u>surplus</u> HK\$	<u>Total</u> HK\$	Exchange <u>difference</u> US\$	For reference only		
					Restricted <u>fund</u> US\$	Accumulated <u>surplus</u> US\$	<u>Total</u> US\$
As at 1.1.2014	496,583	2,233,350	2,729,933	(2,075)	64,792	288,174	350,891
Surplus for the year	-	4,946,133	4,946,133	-	-	635,749	635,749
Transfer between reserve	3,042,750	(3,042,750)	-	-	391,099	(391,099)	-
As at 1.1.2015	<u>3,539,333</u>	<u>4,136,733</u>	<u>7,676,066</u>	<u>(2,075)</u>	<u>455,891</u>	<u>532,824</u>	<u>986,640</u>
Surplus for the year	-	380,548	380,548	-	-	48,913	48,913
Transfer between reserve	(1,889,661)	1,889,661	-	-	(242,887)	242,887	-
As at 31.12.2015	<u>1,649,672</u>	<u>6,406,942</u>	<u>8,056,614</u>	<u>(2,075)</u>	<u>213,004</u>	<u>824,624</u>	<u>1,035,553</u>

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**Statement of Cash Flows
For the year ended 31 December 2015**

	<u>2015</u> <u>HK\$</u>	<u>2014</u> <u>HK\$</u>	<u>For reference only</u>	
			<u>2015</u> <u>US\$</u>	<u>2014</u> <u>US\$</u>
Cash flows from operating activities				
Operating surplus before movements in working capital	380,548	4,946,133	48,913	635,749
Decrease/(increase) in contribution receivable from a charitable association	3,578,971	(3,578,971)	460,022	(460,022)
Increase in prepayments	(2,518)	-	(323)	-
Increase/(decrease) in accounts payable and accrued charges	866,861	(591,898)	111,422	(76,079)
Net increase in cash and cash equivalents	<u>4,823,862</u>	<u>775,264</u>	<u>620,034</u>	<u>99,648</u>
Cash and cash equivalents				
As at 1 January	4,237,925	3,462,661	544,720	445,072
As at 31 December	<u>9,061,787</u>	<u>4,237,925</u>	<u>1,164,754</u>	<u>544,720</u>

Notes to the Financial Statements
For the year ended 31 December 2015

1. General information

The Association is a company domiciled and incorporated in Hong Kong with liabilities of members limited by guarantee. The address of the registered office of the Association is 5/F., Dah Sing Life Building, 99-105 Des Voeux Road Central, Hong Kong. The functional currency of the Association is Hong Kong dollars and thus its financial statements are presented in Hong Kong dollars and together with United States dollars for reference purpose.

The principal activities of the Association is raising funds and committed to fighting cancer through research in prevention, earlier diagnostic techniques, more effective treatments and ultimately, achieving one of medicine's greatest goals: curing cancer to save lives. The Association fulfills this mission by funding outstanding scientists across Asia who pioneer cancer research and funding prevention education programs.

2. Statement of compliance with Hong Kong Financial Reporting Standards

The Association's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 3.

In 2015, the Association has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 January 2015, including:

Amendments to HKFRS 10,	
HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) 21	Levies

The application of the new and revised HKFRSs has no material effects on the Association's financial performance and positions.

3. Summary of significant accounting policies

The financial statements have been prepared on the historical cost basis and in accordance with HKFRS issued by the HKICPA, including applicable disclosures required by the Hong Kong Companies Ordinance.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the respective notes, if appropriate.

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements,

**Notes to the Financial Statements
For the year ended 31 December 2015**

3. Summary of significant accounting policies (cont'd)

a. Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Association becomes a party to the contractual provisions of the instrument.

- (i) Accounts 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:

At each end of reporting date, the Association assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on accounts receivables are recognised 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. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

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

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the Association's cash management are included as a component of cash and cash equivalents.

- (iii) Accounts 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.

b. Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Association has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

c. Revenue recognition

All revenue are accounted for on accrual basis.

d. Foreign currencies translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At each end of reporting date, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair value was determined. Exchange gains and losses are recognised in profit or loss.

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Notes to the Financial Statements
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4. Critical accounting estimates and judgement

The Association's management makes assumptions, estimates and judgements in the process of applying the Association's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

a. Key assumptions and other key sources of estimation uncertainty

Certain key assumptions and risk factors in respect of the financial risk management are set out in note 10. In the opinion of council members, there is no other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the period.

b. Critical judgements in applying the Association's accounting policies

In the opinion of council members, there is no critical judgements in applying the Association's accounting policies.

5. Revenue

Revenue represent donation received during the year.

6. Surplus for the year

Surplus for the year is stated after charging the following items,

	<u>2015</u>	<u>2014</u>	<u>For reference only</u>	
	<u>HK\$</u>	<u>HK\$</u>	<u>2015</u>	<u>2014</u>
			<u>US\$</u>	<u>US\$</u>
Council Members' emoluments				
- as council members	-	-	-	-
- for management	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Staff salary	<u>116,700</u>	<u>63,938</u>	<u>15,000</u>	<u>8,219</u>
Auditor's remuneration	9,000	8,500	1,157	1,093
Direct mailing expense	932,097	926,058	119,807	119,030
Research support	<u>1,397,750</u>	<u>1,236,250</u>	<u>179,659</u>	<u>158,901</u>

7. Taxation

The Association has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable institution of a public character.

8. Related party transactions

All the details of transactions and balances with related parties are disclosed elsewhere in the financial statements.

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Notes to the Financial Statements
For the year ended 31 December 2015

9. Capital disclosure

The Association's objectives of managing capital are to safeguard the Association's ability to continue as a going concern. The Association's overall strategy remains unchanged from prior year.

In order to maintain or adjust the capital structure, the Association may appeal for donations from the general public.

10. Financial instruments

The Association has classified its financial assets in the following categories:

	<u>2015</u>	<u>2014</u>
	<u>HK\$</u>	<u>HK\$</u>
Loans and receivable:		
Contribution receivable from a charitable association	-	3,578,971
Prepayments	2,518	-
Bank balances	<u>9,061,787</u>	<u>4,237,925</u>
	<u>9,064,305</u>	<u>7,816,896</u>

The Association has classified its financial liabilities in the following categories:

	<u>2015</u>	<u>2014</u>
	<u>HK\$</u>	<u>HK\$</u>
Financial liabilities at amortised cost:		
Accounts payable and accrued charges	<u>1,007,691</u>	<u>140,830</u>

All other financial instruments are carried at amounts not materially different from their fair values as at 31 December 2015.

The Association is exposed to credit risk, liquidity risk and interest rate risk arising in the normal course of its operations and financial instruments. The Association's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

a. Credit risk

The Association is exposed to credit risk on financial assets, mainly attributable to cash and bank balances. At 31 December 2015, the Association has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

b. Liquidity risk

The Association 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.

c. Interest rate risk

The Association's exposure on fair value interest rate risk mainly arises from its deposits with banks, which are classified as held-to-maturity investments. It also has exposure on cash flows interest rate risk which is mainly arising from its deposits with banks.

The Association mainly holds deposits with banks with maturity within 3 months and the exposure is considered not significant. In consequence, no material exposure on fair value interest rate risk is expected. Even that, the Association closely monitors the fair value fluctuation of the investments and disposes of them in case of significant increase in interest rate is foreseen.

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Notes to the Financial Statements
For the year ended 31 December 2015

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

HKFRSs that have been issued but are not yet effective for the period include the following HKFRSs which may be relevant to the Association's operations and financial statements:

		<u>Effective for annual years beginning on or after</u>
Annual improvements Project	Annual improvements 2012-2014 cycle	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 1 (Amendments)	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants	1 January 2016
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018

The Association has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the Association's financial statements in the year of initial application. The Association will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.

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Detailed Income Statement
For the year ended 31 December 2015
(For management information only)

			For reference only	
	2015 HK\$	2014 HK\$	2015 US\$	2014 US\$
Income				
Donation income	3,915,820	3,428,671	503,319	440,703
Research grant receivable from a charitable association	-	4,279,000	-	550,000
Bank interest income	264	25	34	3
	<u>3,916,084</u>	<u>7,707,696</u>	<u>503,353</u>	<u>990,706</u>
Expenses				
Program expenses				
- Research				
Research support	1,397,750	1,236,250	179,659	158,901
Sponsorship	491,911	45,830	63,228	5,891
	1,889,661	1,282,080	242,887	164,792
- Public education and information				
Direct mailing	745,678	740,846	95,846	95,224
Postage	233,942	170,891	30,070	21,965
Salaries	93,360	51,150	12,000	6,575
	1,072,980	962,887	137,916	123,764
Support services				
- Fundraising				
Direct mailing	186,419	185,212	23,961	23,806
Postage	58,485	42,723	7,517	5,491
Salaries	23,340	12,788	3,000	1,644
	268,244	240,723	34,478	30,941
- Management and general				
Administrative expense	68,647	59,865	8,824	7,694
Auditor's remuneration	9,000	8,500	1,157	1,093
Council Members' emolument				
- as council members	-	-	-	-
- for management	-	-	-	-
Bank charges	16,783	2,160	2,157	278
Legal and professional fee	17,872	10,905	2,297	1,402
Telephone, fax and fulfillment	192,349	194,443	24,724	24,993
	304,651	275,873	39,159	35,460
	<u>3,535,536</u>	<u>2,761,563</u>	<u>454,440</u>	<u>354,957</u>
Surplus for the year	<u>380,548</u>	<u>4,946,133</u>	<u>48,913</u>	<u>635,749</u>