

**MASARANG HK SOCIETY LIMITED**

青山綠水協會有限公司

**(Incorporated in Hong Kong under the Companies  
Ordinance and Limited by Guarantee)**

**2016**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**



**LAM & CHUI CPA LIMITED**  
Certified Public Accountants

林徐會計師行有限公司

**MASARANG HK SOCIETY LIMITED**

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

**REPORT OF THE EXECUTIVE COMMITTEE**

The councillors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2016.

**PRINCIPAL PLACE OF BUSINESS**

The Society is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 5D, Greenland Court, Discovery Bay, Lantau Island, Hong Kong.

**PRINCIPAL ACTIVITIES**

With effect from 23 May 2014, the Society is registered as an approved charitable institution in Hong Kong under section 88 of the Inland Revenue Ordinance.

The principal activities of the Society during the year were to advance education in protecting nature's flora and fauna by empowering local people through the introduction of sustainable locally adapted and culturally acceptable solutions, and, specifically, the objects for which the Society is established are:

- (1) To advance the education of Hong Kong's public, both adults and school children for the objects of the Society by the development and dissemination of knowledge of principles, best practices and experimental practices of environmental sustainability as regards mankind's interaction with nature and with the world;
- (2) To advance the education and awareness of sustainability principles throughout Asia, particularly in Hong Kong and its region, for the objects of the Society by supporting the development of and dissemination of best practices and experimental practices of environmental sustainability as regards mankind's interaction with nature and with the world;
- (3) To beneficially support the community for the objects of the Society by supporting and increasing the knowledge, understanding and appreciation of any matters of scientific, technical, ecological, silvicultural, agricultural, horticultural, zoological, historic, anthropological, architectural, aesthetic, scientific or other related interest;
- (4) To undertake activities for the objects of the Society and on a non-profit making basis such as. Without limitation; and
- (5) To do all such other lawful things as are incidental or conducive to the attainment of the above objects.

**FINANCIAL STATEMENTS**

The financial performance of the Society for the year ended 31 December 2016 and the financial position of the Society at that date are set out in the financial statements on pages 7 to 19.

**MASARANG HK SOCIETY LIMITED**

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

**REPORT OF THE EXECUTIVE COMMITTEE (Continued)**

**EQUITY-LINKED ARRANGEMENTS**

The Society had no equity-linked agreement subsisted at the end of the year or at any time during the year.

**COUNCILLORS**

The names of persons who were the councillors of the Society during the financial year are as follows:

Adrienne Clare Watson  
Wilhelmus Theodorus Smits

**PERMITTED INDEMNITY PROVISION**

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more councillors of the Society.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more councillors of the Society.

**BUSINESS REVIEW**

The Society falls within reporting exemption for the financial year. Accordingly, the Society is exempted from preparing a business review.

**COUNCILLORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Except for those transactions disclosed in note 11 to the financial statements, no other transaction, arrangement or contracts of significance to which the Society was a party and in which a councillor of the Society had a material interest, subsisted at the end of the year or at any time during the year.

**APPROVAL OF COUNCILLORS' REPORT**

This report was approved by the councillors on 30 September 2017.

**By order of the Executive Committee**



Adrienne Clare Watson  
**Councillor**  
Hong Kong



**LAM & CHUI CPA LIMITED**

Certified Public Accountants

林徐會計師行有限公司

Chui Wing Kit 徐榮傑  
FCPA (Practising), FCCA, ATIHK

Lam Kwok Hong 林國康  
FCPA (Practising), FCCA

Yeung Kin Lai 楊建禮  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MASARANG HK SOCIETY LIMITED**

(Incorporated in Hong Kong under the Companies Ordinance and limited by guarantee)

**Opinion**

We have audited the financial statements of Masarang HK Society Limited ("the Society") set out on pages 7 to 19, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Society in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MASARANG HK SOCIETY LIMITED (Continued)**

(Incorporated in Hong Kong under the Companies Ordinance and limited by guarantee)

**Information other than the financial statements and auditor's report thereon**

The councillors are responsible for the other information. The other information comprises the information included in the report of the executive committee, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the councillors and those charged with governance for the financial statements**

The councillors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the councillors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the councillors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the councillors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MASARANG HK SOCIETY LIMITED (Continued)**

(Incorporated in Hong Kong under the Companies Ordinance and limited by guarantee)

**Auditor's responsibilities for the audit of the financial statements (Continued)**

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the councillors.
- Conclude on the appropriateness of the councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MASARANG HK SOCIETY LIMITED (Continued)**

(Incorporated in Hong Kong under the Companies Ordinance and limited by guarantee)

**Auditor's responsibilities for the audit of the financial statements (Continued)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Lam & Chui CPA Limited**  
**Certified Public Accountants**  
Hong Kong, 30 September 2017  
Chui Wing Kit  
Practising Certificate No.: P2153

**MASARANG HK SOCIETY LIMITED**

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 HK\$	2015 HK\$
<b>Donation income</b>		60,080	460,391
<b>Charity gift sales income</b>		56,811	-
Less: Cost of gift		19,600	-
<b>Net charity gift sales income</b>		37,211	-
<b>Interest income</b>		1	1
<b>Sundry income</b>		346	-
		<u>97,638</u>	<u>460,392</u>
<b>Less: Expenses</b>			
Accounting fee		4,000	4,000
Auditor's remuneration		5,000	5,000
Bank charges		1,255	880
Grant & donations paid	4	71,136	446,013
Event expenses		2,762	2,363
Printing & stationery		710	555
Professional fee		590	5,241
Travelling expenses		1,345	24,598
		<u>86,798</u>	<u>488,650</u>
<b>Surplus/(Deficit) before taxation</b>		10,840	(28,258)
Less: <b>Income tax</b>	6	-	-
<b>Surplus/(Deficit) and total comprehensive income/(loss) for the year</b>		<u>10,840</u>	<u>(28,258)</u>

The notes on pages 11 to 19 form part of these financial statements.



**MASARANG HK SOCIETY LIMITED**

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**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016**

	Note	2016 <u>HK\$</u>	2015 <u>HK\$</u>
<b>Current assets</b>			
Accounts receivable	7	40,225	-
Bank balances		<u>55,106</u>	<u>89,491</u>
		<u>95,331</u>	<u>89,491</u>
<b>Current liabilities</b>			
Accruals	8	9,000	14,000
Amounts due to members	9	<u>25,138</u>	<u>25,138</u>
		<u>34,138</u>	<u>39,138</u>
<b>Net assets</b>		<u>61,193</u>	<u>50,353</u>
<b>Reserves</b>			
General fund	10	<u>61,193</u>	<u>50,353</u>

Approved and authorized for issue by the Executive Committee



Adrienne Clare Watson  
Councillor



Wilhelmus Theodorus Smits  
Councillor

The notes on pages 11 to 19 form part of these financial statements.

**MASARANG HK SOCIETY LIMITED**

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**STATEMENT OF CHANGES IN GENERAL FUND  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>General fund HK\$</u>
<b>Balance at 1 January 2015</b>	78,611
<b>Total comprehensive loss for the year</b>	(28,258)
<b>Balance at 31 December 2015 and 1 January 2016</b>	<u>50,353</u>
<b>Total comprehensive income for the year</b>	10,840
<b>Balance at 31 December 2016</b>	<u><u>61,193</u></u>

The notes on pages 11 to 19 form part of these financial statements.

**MASARANG HK SOCIETY LIMITED**

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**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
<b>Operating activities</b>		
Surplus/(Deficit) from ordinary activities before taxation	10,840	(28,258)
Adjustment for:		
Interest income	<u>(1)</u>	<u>(1)</u>
<b>Operating surplus/(deficit) before changes in working capital</b>	10,839	(28,259)
Increase in accounts receivable	(40,225)	-
(Decrease)/Increase in accruals	<u>(5,000)</u>	<u>5,000</u>
<b>Net cash used in operating activities</b>	<u>(34,386)</u>	<u>(23,259)</u>
<b>Investing activities</b>		
Interest received	<u>1</u>	<u>1</u>
<b>Net cash generated from investing activities</b>	<u>1</u>	<u>1</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(34,385)</u>	<u>(23,258)</u>
<b>Cash and cash equivalents at 1 January</b>	<u>89,491</u>	<u>112,749</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>55,106</u></u>	<u><u>89,491</u></u>
<i>Analysis of the balances of cash and cash equivalents:</i>		
<b>Bank balances</b>	<u><u>55,106</u></u>	<u><u>89,491</u></u>

**MASARANG HK SOCIETY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016****1. LIMITED BY GUARANTEE**

Under the provision of the Society's Articles of Association, every member shall, in the event of the Society being wound up, contribute such amount as may be required to meet the liabilities of the Society but not exceeding HK\$10.

**2. SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term 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 the significant accounting policies adopted by the Society is set out below.

The Society falls within reporting exemption for the reporting period under section 359(1) of the Hong Kong Companies Ordinance. Nevertheless, the councillors resolved not to take advantage of the reporting exemption and these financial statements comply with HKFRSs. The councillors have acknowledged that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by HKFRSs.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Society. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Society for the current and prior accounting periods reflected in these financial statements.

**(b) Basis of preparation of the financial statements**

The measurement basis used in the preparation of the financial statements is historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(b) Basis of preparation of the financial statements (Continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Revenue recognition**

Donation income and charity gift sales are recognized on a receipt basis.

**(d) Accounts and other receivables**

Accounts and other receivables are initially recognized at fair value and thereafter stated at amortized cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

**(e) Accounts and other payables**

Accounts and other payables are initially recognized at fair value and thereafter stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(f) Translation of foreign currencies**

The functional currency of the Society is Hong Kong Dollar. Foreign currency transactions are translated into the functional currency at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

**MASARANG HK SOCIETY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(g) Related parties**

- (a) A person, or a close member of that person's family, is related to the group if that person:
  - (i) has control or joint control over the group;
  - (ii) has significant influence over the group; or
  - (iii) is a member of the key management personnel of the group or the group's parent.
  
- (b) An entity is related to the group if any of the following conditions applies:
  - (i) The entity and the Society are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities 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 group or an entity related to the group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**MASARANG HK SOCIETY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

**(i) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized directly in equity, in which case they are recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

**MASARANG HK SOCIETY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(j) Provisions and contingent liabilities**

Provisions are recognized for liabilities of uncertain timing or amount when the Society 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 expenditures 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.

**3. CHANGES IN ACCOUNTING POLICIES**

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Society. None of these developments have had a material effect on how Society's result and financial position for the current or prior periods have been prepared or presented.

The Society has not applied any new standard or interpretation that is not yet effective for the current accounting period.



**MASARANG HK SOCIETY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)****4. GRANTS & DONATIONS PAID**

The grants & donations are analyzed as follows:

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Masarang Foundation		
- Tasikoki project	35,983	303,438
- Sintang Orangutan Centre (SOC) project	<u>35,153</u>	<u>142,575</u>
	<u>71,136</u>	<u>446,013</u>

Masarang Foundation is a registered charity in Indonesia. The Tasikoki and SOC projects undertaken by Masarang Foundation aim for saving endangered animal species and biodiversity.

**5. COUNCILLORS' REMUNERATION**

No councillors received any remuneration necessary to be disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

**6. INCOME TAX**

No provision has been made for Hong Kong profits tax as the Society has been exempted from profits tax under section 88 of the Inland Revenue Ordinance.

**7. ACCOUNTS RECEIVABLE**

Accounts receivable are expected to be recovered within one year.

**8. ACCRUALS**

Accruals is expected to be settled within one year.

**9. AMOUNTS DUE TO MEMBERS**

The balances are unsecured, interest-free and have no fixed terms of repayment.

**MASARANG HK SOCIETY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)****10. RESERVES**

## (a) Components of the Society's reserves

The movement of the Society's reserves during the year is set out in the statements of changes in general fund. The general fund represents that accumulated surpluses arising from the charitable business.

## (b) Capital management

The Society's objectives when managing the reserve are to safeguard the Society's ability to continue as a going concern so that it can continue to provide adequate resources for the attainment of its objects.

## (c) Nature of reserves

Under the provision of the Society's Articles of Association, no distributions of reserves by way of dividends to the member of the Society are allowed. Upon dissolution of the Society, any remains after the satisfaction of its debts and liabilities shall be given to other institutions having objects similar to those of the Society.

**11. RELATED PARTY TRANSACTIONS**

The Society had the following material related party transactions during the year:

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Donation income received from the Councillors:-		
Adrienne Clare Watson	-	120,000
Wilhelmus Theodorus Smits	-	51,645
	-	171,645
Grants & donations paid to:-		
Masarang Foundation (a registered charity in Indonesia)	<u>71,136</u>	<u>446,013</u>

The councillors of the Society are of opinion that the above transactions were entered into in the normal course of charities.

**MASARANG HK SOCIETY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)****12. FINANCIAL INSTRUMENTS**

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Society's business. These risks are limited by the Society's financial management policies and practices below:

(a) Credit risk

The Society's exposure to credit risk is not significant. The exposure to this risk is monitored by the Society's management on an ongoing basis.

(b) Liquidity risk

The Society's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

The Society's exposure to market risk for changes in interest rates is not significant. The exposure to this risk is monitored by the Society's management on an ongoing basis.

(d) Foreign currency risk

The Society is exposed to foreign currency risk primarily through income and expenses that are denominated in a currency other than the functional currency of the operations to which they relate. The exposure to this risk is monitored by the Society's management on an ongoing basis.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2016.

**MASARANG HK SOCIETY LIMITED**

(Incorporated in Hong Kong under the Companies Ordinance and Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)****13. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the accounting year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Society.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i>	1 January 2017
Amendments to HKAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealized losses</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
Amendments to HKFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

The Society is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

**14. APPROVAL AND ISSUE OF FINANCIAL STATEMENTS**

The statement of financial position was approved and the financial statements were authorized for issue by the councillors on 30 September 2017.