

FAIR TRADE HONG KONG FOUNDATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2016

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班利仕會計師事務所有限公司
Bentleys C.P.A. Company Limited

**FAIR TRADE HONG KONG FOUNDATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2016**

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FAIR TRADE HONG KONG FOUNDATION LIMITED
REPORT OF THE DIRECTORS

The directors have pleasure to present their report and the audited financial statements for the year ended 31st March, 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Foundation during the year were organized a number of activities to raise awareness of Fair Trade and enhance the demand for Fair Trade products in the community. The following are the activities held:

i. Consumer Promotions

The main drive of the movement is to raise consumer awareness of Fair Trade and Fair Trade products. Fair Trade Fortnight, which was first launched in 2010, is now the annual signature event of FTHK, Fair Trade Fiesta 2015 has achieved great success with record breaking sales, reaching HKD310,342. Moreover, we have collaborated with different organizations in spreading the message.

- (a) Fair Trade Fiesta 2015 - 3 day Fair Trade Fair from 9th May, 2015 to 11th May, 2015;
- (b) Fair Trade charity football match on 17th October, 2015;
- (c) Co-organize Ethical Consumption Month 2015 from November, 2015 to December, 2015;
- (d) Fair Trade Charity Film Premier - The True Cost on 18th March, 2016.

ii. Bring Fair Trade to Your School ("BFTYS") Programme (1st August, 2015 - 31st July, 2016)

With the funding from Oxfam Hong Kong, our Fair Trade Education Committee carried out a successful BFTYS Programme during the school year 2015-16, reaching out to 8,677 students, total 77 activities is organized.

iii Fairtrade Marketing Organization of Fairtrade International

In July 2012, the Foundation was authorized by Fairtrade International to become a Fairtrade Marketing Organization ("FMO") which has the official status to promote and monitor the FAIRTRADE Mark in Hong Kong, Macau and Mainland China.

Roles of a FMO are:

- (a) Promoting awareness of Fairtrade products in its country or region;
- (b) Monitoring and granting the use of the FAIRTRADE mark;
- (c) Providing potential licensees with information on the Fairtrade system, licensing and artwork approval support;
- (d) Reporting (Business Plan, work plan, update for GA, audited annual accounts) to Fairtrade International

FAIR TRADE HONG KONG FOUNDATION LIMITED
REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES (CONT'D)

iv Organization Structure and Institutional Development

A 2-year strategic plan was developed from January 2015 to December 2016. FTHK got a funding support from Oxfam Hong Kong for this 2 year proposal.

FTHK recognizes the importance and the competitiveness of the fundraising environment in Hong Kong's non-profit making industry sector. Therefore, FTHK organized 1st Film Premier on 18th March, 2016 with the film "The True Cost" which raised over HK\$119,000 for FTHK. Furthermore, FTHK will further diversified income sources by re-organize the Fair Trade Football Match in October 2016 to sustain the organization.

RESULTS

The results and cash flows of the Foundation for the year ended 31st March, 2016 and the state of affairs of the Foundation at that date are set out in the financial statements on pages 6 to 15.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Ambrose Ho	
Chen Suk Yi, Carol	(Resigned on 21st November, 2015)
Cheung Yat Sum, Maria	
Joshua Begbie, Malcolm	(Resigned on 21st November, 2015)
Kan Chung Kan, Clara	
Kee Chi Hing	(Resigned on 21st November, 2015)
Lau Mei-yin	
Leung Pui Fung	
Yip Pui Wah, Miranda	
Tung Yin Kwun, Mark	(Appointed on 21st November, 2015)
Chan Lai Lai, Lilian	(Appointed on 21st November, 2015 and resigned on 16th March, 2016)
Lloyd Alison Elizabeth	(Appointed on 21st November, 2015)
Chung Yan Tung, Annie	(Appointed on 21st November, 2015)

In accordance with the Foundation's Articles of Association, the number nearest to one-half of the directors shall retire and, being eligible, offer themselves for re-election.

利達會計師事務所有限公司
FAIR TRADE HONG KONG FOUNDATION LIMITED
REPORT OF THE DIRECTORS

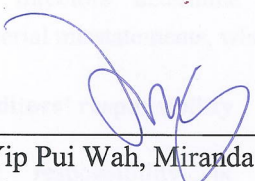
DIRECTORS' INTERESTS

There were no contracts of significance to which the Foundation was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

AUDITORS

The financial statements have been audited by Messrs. Bentleys C.P.A. Company Limited who retires, and being eligible, offers itself for re-appointment.

On behalf of the Board


Yip Pui Wah, Miranda
Chairman

Hong Kong, 20th September, 2016

班利仕會計師事務所有限公司

BENTLEYS C.P.A. COMPANY LIMITED

Office B, 9/F., Hua Chiao Commercial Centre, 678 Nathan Road, Mongkok, Kowloon, Hong Kong
香港九龍旺角彌敦道 678 號華僑商業中心 9 樓 B 室
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
FAIR TRADE HONG KONG FOUNDATION LIMITED
(Incorporated in Hong Kong with liability limited by guarantee)

Report on the financial statements

We have audited the financial statements of Fair Trade Hong Kong Foundation Limited ("the Foundation") set out on pages 6 to 15, which comprise the statement of financial position as at 31st March, 2016, income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

班利仕會計師事務所有限公司
BENTLEYS C.P.A. COMPANY LIMITED

Office B, 9/F., Hua Chiao Commercial Centre, 678 Nathan Road, Mongkok, Kowloon, Hong Kong
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
FAIR TRADE HONG KONG FOUNDATION LIMITED
(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Foundation's affairs as at 31st March, 2016 and of its surplus 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.

Bentleys

Bentleys C.P.A. Company Limited
Certified Public Accountants
Hong Kong, 20th September, 2016
Lam Wing Yi, Jerry, Certificate number P01522

FAIR TRADE HONG KONG FOUNDATION LIMITED
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31ST MARCH, 2016

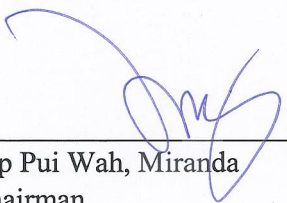
	Note	2016 HK\$	2015 HK\$
REVENUE	3	482,281	132,664
OTHER REVENUE	3	17,482	1,684
OPERATING EXPENSES		<u>(112,084)</u>	<u>(168,147)</u>
SURPLUS/(DEFICIT) FOR THE YEAR	4	<u><u>387,679</u></u>	<u><u>(33,799)</u></u>


The annexed notes on pages 10 to 15 form an integral part of these financial statements.

FAIR TRADE HONG KONG FOUNDATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2016

	Note	2016 HK\$	2015 HK\$
CURRENT ASSETS			
Rental deposits		5,500	5,500
Cash at bank		210,305	321,533
		<u>215,805</u>	<u>327,033</u>
CURRENT LIABILITY			
Accrued expenses		(5,000)	(18,743)
NET CURRENT ASSETS		<u>210,805</u>	<u>308,290</u>
Representing:			
GENERAL FUND		55,827	74,161
OTHER FUND	6	154,978	234,129
		<u>210,805</u>	<u>308,290</u>

The financial statements were approved and authorised for issue by the directors on 20th September, 2016.


Yip Pui Wah, Miranda
Chairman


Lau Mei-yin
Treasurer

The annexed notes on pages 10 to 15 form an integral part of these financial statements.

FAIR TRADE HONG KONG FOUNDATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2016

	General Fund HK\$	Other Fund HK\$	Total HK\$
Balance as at 1.4.2014	107,960	286,305	394,265
Deficit for the year	(33,799)	-	(33,799)
Net fund used	-	(52,176)	(52,176)
Balance as at 31.3.2015	74,161	234,129	308,290
Balance as at 1.4.2015	74,161	234,129	308,290
Surplus for the year	387,679	-	387,679
Net fund used	(406,013)	(79,151)	(485,164)
Balance as at 31.3.2016	55,827	154,978	210,805

The annexed notes on pages 10 to 15 form an integral part of these financial statements.

FAIR TRADE HONG KONG FOUNDATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2016

	2016 HK\$	2015 HK\$
Cash flows from operating activities		
Surplus/(deficit) for the year	387,679	(33,799)
Operating surplus/(deficit) before changes in working capital	387,679	(33,799)
Decrease in prepayment	-	4,500
Increase in rental deposit	-	(1,000)
(Decrease)/increase in accrued expenses	(13,743)	4,439
Net cash generated/(used in) operating activities	373,936	(25,860)
Cash flows from financing activities		
Net funds used	(485,164)	(52,176)
Net decrease in cash and cash equivalents	(111,228)	(78,036)
Cash and cash equivalents at beginning of the year	321,533	399,569
Cash and cash equivalents at end of the year	210,305	321,533
Analysis of balance of cash and cash equivalents		
Cash at bank	210,305	321,533

The annexed notes on pages 10 to 15 form an integral part of these financial statements.

FAIR TRADE HONG KONG FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2016

GENERAL INFORMATION

Fair Trade Hong Kong Foundation Limited is the Foundation incorporated in Hong Kong with limited by guarantee and without share capital. The liability of individual members is limited by guarantee not exceeding an amount of HK\$10 for each member.

The address of its registered office is 2 Castle Peak Road, Castle Peak Bay, Tuen Mun, New Territories.

The principal activities of the Foundation during the year were organized a number of activities to raise awareness of Fair Trade and enhance the demand for Fair Trade.

1. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The Foundation'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 Accounts (HKICPA), accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. A summary of significant accounting policies adopted by the Foundation is set out in note 2.

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

Amendments to HKFRS 10,
HKFRS 12 and HKAS 27

HK (IFRIC) - Int 21

HKAS 19 (Amendments)

HKAS 32 (Amendments)

HKAS 36 (Amendments)

HKAS 39 (Amendments)

HKFRSs (Amendments)

Investment Entities

Levies

Defined Benefit Plans: Employee Contributions

Offsetting Financial Assets and Financial Liabilities

Recoverable Amount Disclosures for Non-Financial Assets

Novation of Derivatives and Continuation of Hedge Accounting

Annual Improvements to HKFRSs 2010-2012 and 2011-2013 Cycle

The application of the new and revised HKFRSs in the current year has no material impact on the Foundation's financial performance and positions for the current and prior years and/or on the disclosures set out in the financial statements.

FAIR TRADE HONG KONG FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2016

1. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

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

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ¹
HKFRS 9	Financial Instruments ²
HKFRS 10 and HKAS 28 (Amendments)	Sale and Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ³
HKFRS 15	Revenue from Contracts with Customers ⁴
HKAS 16 and 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 16 and 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ¹

- 1 Effective for annual periods beginning on or after 1st January, 2016
- 2 Effective for annual periods beginning on or after 1st January, 2018
- 3 Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016
- 4 Effective for annual periods beginning on or after 1st January, 2017

The Foundation has not early adopted the above new and revised HKFRSs. The directors anticipate that the adoption of these HKFRSs will not have a material impact on the Foundation's financial statements in the year of initial application. The Foundation will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.

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 Foundation is set out below.

These financial statements have been prepared under the historical cost convention.

FAIR TRADE HONG KONG FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Statement of compliance (Cont'd)

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements.

(b) Revenue recognition

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

Donations received are recognised when donation received.

Partnership fee is recognized when the fee is payable to that partnership year.

Bank interest income is recognised on receipt basis.

(c) Taxation

Provision for taxation is not required as the Foundation has been exempted from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

(d) Employee benefits

Obligations for contributions to defined contribution retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expenditure in the income and expenditure account.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that are readily convertible into known amounts of cash and which are subject to an insignificant risks of changes in value, having been within three months of maturity at acquisition.

FAIR TRADE HONG KONG FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2016

3. REVENUE

The principal activities of the Foundation during the year were organized a number of activities to raise awareness of Fair Trade and enhance the demand for Fair Trade products in the community.

The amount of revenue recognised during the year is as follows:

	2016 HK\$	2015 HK\$
REVENUE		
Sponsorship and donation	356,024	28,659
Income from participating social activities	126,257	104,005
	<u>482,281</u>	<u>132,664</u>
OTHER REVENUE		
Bank interest income	2	-
Sundry income	17,480	1,684
	<u>17,482</u>	<u>1,684</u>
	<u>499,763</u>	<u>134,348</u>

4. SURPLUS/(DEFICIT) FOR THE YEAR

Surplus/(deficit) for the year is arrived at after charging the following:

	2016 HK\$	2015 HK\$
Auditors' remuneration	5,000	5,000
Other staff costs		
- Salaries and allowances	31,800	71,971
- Mandatory provident fund	1,422	3,273
Operating lease charge for land and building	<u>57,320</u>	<u>80,010</u>

5. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments for the year. (2015: Nil)

FAIR TRADE HONG KONG FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2016

6. OTHER FUND

	Strategic plan HK\$	FT Marketing organisation HK\$	Bring FT to your school fund 2012-2013 HK\$	Bring FT to your school fund 2013-2014 HK\$
Balance as at 1.4.2014	124,035	97,913	5,972	70,697
Fund raised	455,002	269,815	-	13,070
Fund expenditure	(770,940)	(168,854)	(3,022)	(84,727)
Balance as at 31.3.2015	(191,903)	198,874	2,950	(960)
Balance as at 1.4.2015	(191,903)	198,874	2,950	(960)
Fund raised	1,443,746	172,981	-	960
Fund expenditure	(1,121,905)	(365,202)	(2,950)	-
Balance as at 31.3.2016	129,938	6,653	-	-
	Bring FT to your school fund 2014-2015 HK\$	FT fortnight fund 2012 HK\$	FT fortnight fund 2013 HK\$	FT fortnight fund 2014 HK\$
Balance as at 1.4.2014	-	1,037	(13,349)	-
Fund raised	226,908	-	-	123,884
Fund expenditure	(163,103)	-	-	(83,575)
Balance as at 31.3.2015	63,805	1,037	(13,349)	40,309
Balance as at 1.4.2015	63,805	1,037	(13,349)	40,309
Fund raised	255,338	-	13,349	-
Fund expenditure	(299,829)	(1,037)	-	(40,309)
Balance as at 31.3.2016	19,314	-	-	-

FAIR TRADE HONG KONG FOUNDATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST MARCH, 2016

6. OTHER FUND (CONT'D)

	School award HK\$	School award (HKJC) HK\$	Macau education HK\$	Total HK\$
Balance as at 1.4.2014	-	-	-	286,305
Fund raised	141,135	-	-	1,229,814
Fund expenditure	(7,769)	-	-	(1,281,990)
Balance as at 31.3.2015	133,366	-	-	234,129
Balance as at 1.4.2015	133,366	-	-	234,129
Fund raised	1,987	-	31,500	1,919,861
Fund expenditure	(135,353)	(27,433)	(4,994)	(1,999,012)
Balance as at 31.3.2016	-	(27,433)	26,506	154,978

7. OPERATING LEASES COMMITMENTS

At 31st March, 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016 HK\$	2015 HK\$
Within one year	49,500	49,500

8. FINANCIAL RISK MANAGEMENT

The Foundation's activities do not expose it to any significant financial risk.

9. LIMITED BY GUARANTEE

The Foundation is limited by guarantee and does not have a share capital.

FAIR TRADE HONG KONG FOUNDATION LIMITED
 DETAILED INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31ST MARCH, 2016
 (For management information purposes only)

	2016 HK\$	2015 HK\$
REVENUE		
Sponsorship and donation	356,024	28,659
Income from participating social activities	126,257	104,005
	<u>482,281</u>	<u>132,664</u>
OTHER REVENUE		
Bank interest income	2	-
Sundry income	17,480	1,684
	<u>499,763</u>	<u>134,348</u>
LESS: EXPENDITURE		
Advertising	6,756	-
Auditors' remuneration	5,000	5,000
Bank charges	975	200
Mandatory provident fund	1,422	3,273
Medical allowance	450	300
Rental fee	57,320	80,010
Salaries and allowances	31,800	71,971
Sundry expenses	8,361	7,393
	<u>112,084</u>	<u>168,147</u>
SURPLUS/(DEFICIT) FOR THE YEAR	<u>387,679</u>	<u>(33,799)</u>