

**THE UNIVERSITY OF WARWICK AND THE HONG KONG POLYTECHNIC  
UNIVERSITY MANUFACTURING ALUMNI ASSOCIATION LIMITED  
(LIMITED BY GUARANTEE)**

**EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**The University of Warwick and The Hong Kong Polytechnic  
University Manufacturing Alumni Association Limited  
Executive Committee's report**

The executive committee have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2008.

**Principal activities**

The principal activities of the Association is to cooperate with and promote the best interests of graduates from IEBMP program jointly organised by the Hong Kong Polytechnic University and the University of Warwick and the graduates of the Warwick International Manufacturing Group of the University of Warwick.

**Result**

The surplus of the Association for the year ended 31 March 2008 and the state of the Association's affairs as at that date are set out in the financial statements on pages 3 to 12.

**Executive Committee Members**

The Executive Committee members of the Association during the financial year and up to the date of this report were:

Wong Yuk Lin, Jane	
Chu Sin Yi, Christine	(Resigned on 8 <sup>th</sup> December, 2007)
Choi Sau Fung, Lornnie	
Wong Wai Kei, Stanley	(Resigned on 8 <sup>th</sup> December, 2007)
Lai Tin Hung	
Lee Wing Lim	
Wong Chi Wah	
Wong Yiu Cheong	
Chiu Kung Ting, Thomas	(Appointed on 8 <sup>th</sup> December, 2007)
Mak Hon Chung, Henry	(Appointed on 8 <sup>th</sup> December, 2007)

In accordance with article No. 37 of the Association's Articles of Association, all Executive Committee Members shall retire from office, and shall be eligible for re-election.

No contracts of significance, to which the Association was a party and in which an executive committee members of the Association had a material interest, subsisted at the end of the year or at any time during the year.

**Auditors**

Lixin C.P.A. Limited retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Lixin C.P.A. Limited as the Society's auditors is to be proposed at the forthcoming annual general meeting.

By order of the Executive Committee



Hong Kong, 12 NOV 2008



Certified Public Accountants & Chartered Secretaries

**Independent auditor's report to the shareholders of  
The University of Warwick and The Hong Kong Polytechnic  
University Manufacturing Alumni Association Limited  
(Incorporated in Hong Kong with limited liability by guarantee)**

We have audited the financial statements of The University of Warwick And The Hong Kong Polytechnic University Manufacturing Alumni Association Limited set out on pages 3 to 12, which comprise the balance sheet as at 31 March 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Executive Committee Members' responsibility for the financial statements**

The executive committee members 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 and to report our opinion solely to you, as a body, in accordance with section 141 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 the 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 and 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 executive committee 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 state of the Association's affairs as at 31 March 2008 and of its 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.

For and on behalf of  
立信會計師事務所有限公司  
Lixin C.P.A. Limited

CHI CHI WING *Authorized Signature(s)*  
Practising Certificate Number P01732  
Lixin C.P.A. Limited

Hong Kong, 12 NOV 2008

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**The University of Warwick and The Hong Kong Polytechnic  
 University Manufacturing Alumni Association Limited  
 (Limited by Guarantee)  
 Financial statements for the year ended 31 March 2008**

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**Income and expenditure statement for the year ended 31 March 2008  
 (In Hong Kong dollars)**

	<u>Note</u>	<u>2008</u> HK\$	<u>2007</u> HK\$
<b>Turnover</b>	6	12,800	24,900
Other revenue	7	3,125	2,381
Other net income	7	14,352	18,634
Administrative expenses		<u>(10,230)</u>	<u>(10,901)</u>
<b>Surplus before tax</b>		20,047	35,014
Income tax expense	8	<u>-</u>	<u>-</u>
<b>Surplus for the year</b>		<u>20,047</u>	<u>35,014</u>

**The University of Warwick and The Hong Kong Polytechnic  
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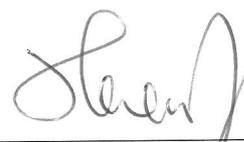
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**Balance sheet as at 31 March 2008**  
(In Hong Kong dollars)

	<u>Note</u>	<u>2008</u> HK\$	<u>2007</u> HK\$
<b>Current assets</b>			
Other receivables		618	470
Cash and cash equivalents		<u>153,649</u>	<u>131,441</u>
		<u>154,267</u>	<u>131,911</u>
<b>Current liabilities</b>			
Accrued expenses		<u>2,578</u>	<u>269</u>
<b>NET ASSETS</b>		<u>151,689</u>	<u>131,642</u>
<b>EQUITY</b>			
Reserves	10	<u>151,689</u>	<u>131,642</u>

The financial statements were approved and authorised for issue by the Executive Committee on 12 NOV 2008

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Treasurer

**The University of Warwick and The Hong Kong Polytechnic  
University Manufacturing Alumni Association Limited  
(Limited by Guarantee)**

**Financial statements for the year ended 31 March 2008**

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**Statement of changes in equity for the year ended 31 March 2008  
(In Hong Kong dollars)**

	Accumulated <u>surplus</u> HK\$
<b>Balance at 1 April 2006</b>	96,628
<b>Changes in equity for 2007</b>	
Surplus for the year	35,014
<b>Balance at 31 March 2007</b>	<u>131,642</u>
<b>Balance at 1 April 2007</b>	131,642
<b>Changes in equity for 2008</b>	
Surplus for the year	20,047
<b>Balance at 31 March 2008</b>	<u>151,689</u>

The notes on pages 7 to 12 are part of these financial statements.

**The University of Warwick and The Hong Kong Polytechnic  
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**Cash flow statement for the year ended 31 March 2008  
(In Hong Kong dollars)**

	<u>2008</u> HK\$	<u>2007</u> HK\$
<b>Cash flows from operating activities</b>		
Surplus before tax	20,047	35,014
Adjustments for:		
- Bank interest received	<u>(3,125)</u>	<u>(2,381)</u>
Operating surplus before working capital changes	16,922	32,633
Increase in other receivable	(148)	(470)
Increase in accrued expenses	<u>2,309</u>	<u>269</u>
<i>Net cash from operating activities</i>	<u>19,083</u>	<u>32,432</u>
<b>Cash flows from investing activities</b>		
Interest received	<u>3,125</u>	<u>2,381</u>
<i>Net cash from investing activities</i>	<u>3,125</u>	<u>2,381</u>
<b>Net increase in cash and cash equivalents</b>	22,208	34,813
<b>Cash and cash equivalents at beginning of the year</b>	<u>131,441</u>	<u>96,628</u>
<b>Cash and cash equivalents at end of the year</b>	<u>153,649</u>	<u>131,441</u>

**The University of Warwick and The Hong Kong Polytechnic  
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Notes to financial statements for the year ended 31 March 2008  
(In Hong Kong dollars)

**1. General information**

The University of Warwick and The Hong Kong Polytechnic University Manufacturing Alumni Association Limited (the Association) is a limited by guarantee company domiciled and incorporated in Hong Kong. The address of its registered office and principal place of business are EF611, Core F, The Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong. Its principal activities is to cooperate with and promote the best interests of graduates from IEBMP program jointly organised by the Hong Kong Polytechnic University and the University of Warwick and the graduates of the Warwick International Manufacturing Group of the University of Warwick.

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

**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.

During the year ended 31 March 2008, 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 2007. A summary of the changes in accounting policies resulting from the Society's application of these HKFRSs is set out in note 4.

**3. Summary of significant accounting policies**

*a. Basis of preparation of the financial statements*

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

*b. Cash and cash equivalents*

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

*c. Revenue recognition*

*Membership fees and other income are recognised upon receipt.*

*Interest income*

Interest income is recognised using the effective interest method.

**4. Changes in accounting policies**

During the year ended 31 March 2008, 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 2007, including:

- HKFRS 7 Financial instruments: disclosures

HKFRS 7 requires the Association to disclose the significance of financial instruments for its financial position and performance. These disclosures incorporate many of the requirements previously in HKAS 32, and the qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. These new disclosures are set out in note 12.

The application of the new and revised HKFRSs, including the amendments to HKFRS 7, has no material effects on the Association's financial performance and positions.

**5. 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. Certain key assumptions and risk factors in respect of the financial risk management are set out in note 12.

**6. Turnover**

Turnover represents the membership fees received during the year.

**7. Other revenue**

	<u>2008</u>	<u>2007</u>
	HK\$	HK\$
<b>Other revenue:</b>		
Bank interest income	<u>3,125</u>	<u>2,381</u>
<b>Other net income :</b>		
Surplus from annual dinner	16,088	18,164
Surplus from Dongfeng Nissan visit	655	-
Deficit from Firework boat trip	(1,013)	-
Deficit from HK-SZ Western Corridor walk	(127)	-
Deficit from Polytechnic Alumni Homecoming carnival	(1,780)	-
Surplus from TTI Factories visit	529	-
Sundry income	-	470
	<u>14,352</u>	<u>18,634</u>

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**8. Income tax in the income statement**

a. *No provision has been made for Hong Kong profits tax as not less than half of the income was received from members of the Association which is exempted from profits tax under Section 24(1) of the Inland Revenue Ordinance.*

b. *Reconciliation between tax expense and accounting deficit at applicable tax rates:*

	<u>2008</u> HK\$	<u>2007</u> HK\$
Surplus before tax	20,047	35,014
Tax at the applicable tax rate of 17.5% (2007: 17.5%)	3,508	6,127
Tax effect of non-taxable income	(3,508)	(6,127)
Income tax expense	<u>-</u>	<u>-</u>

c. *No provision for deferred taxation has been made as there is no material timing difference for the year and at the balance sheet date.*

**9. Committee Members' remuneration**

No fee or other emoluments was paid to Committee Members during this and preceding year.

**10. Reserves**

	Accumulated surplus HK\$
<b>Balance at 1 April 2006</b>	96,628
Surplus for the year	35,014
<b>Balance at 31 March 2007</b>	<u>131,642</u>
<b>Balance at 1 April 2007</b>	131,642
Surplus for the year	20,047
<b>Balance at 31 March 2008</b>	<u>151,689</u>

**11. Financial instruments**

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

	Loans and receivables HK\$
<u>2008</u>	
Cash and cash equivalents	<u>153,649</u>
<u>2007</u>	
Cash and cash equivalents	<u>131,441</u>

11. Financial instruments (continued)

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

	Financial liabilities at amortised cost HK\$
<u>2008</u>	
Accrued expenses	<u>2,578</u>
<u>2007</u>	
Accrued expenses	<u>269</u>

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2007 and 2008.

The Association is exposed to credit risk, liquidity risk and market risk arising in the normal course of its business 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. 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.

Summary quantitative data

	Not later than 1 month HK\$
<u>2008</u>	
Accrued expenses	<u>2,578</u>
<u>2007</u>	
Accrued expenses	<u>269</u>

*b. Market risk*

Interest rate risk

The Association's exposure on fair value interest rate risk and cash flow interest rate risk which is mainly arising from its deposits with banks and interest-bearing borrowings with the banks. The Association mainly holds deposits with banks and the exposure is considered not significant.

Summary quantitative data

	<u>2008</u> HK\$	<u>2007</u> HK\$
<u>Floating-rate financial assets</u>		
Cash at bank	<u>142,566</u>	<u>118,241</u>

No sensitivity analysis has been prepared as the change in interest rates has no material effect on the result and net assets of the Association.

The analysis is prepared on the same basis for the year ended 31 March 2007.

**12. Comparative figures**

Certain comparative figures have been restated or re-classified as a result of the changes in accounting policies and the details of the changes in accounting policies are set out in note 4.

**13. 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 Association's operations and financial statements:

	Effective for annual periods beginning on or after
HKAS 1 <i>Presentation of financial statements</i>	<u>1 January 2009</u>

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.

**The University of Warwick and The Hong Kong Polytechnic  
University Manufacturing Alumni Association Limited  
Notes to financial statements for the year ended 31 March 2008**

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**Detailed income statement for the year ended 31 March 2008**

	<u>2008</u> HK\$	<u>2007</u> HK\$
<b>INCOME</b>		
Membership fees	12,800	24,900
<b>OTHER INCOME</b>		
Surplus from annual dinner	16,088	18,164
Surplus from Dongfeng Nissan visit	655	-
Deficit from Firework boat trip	(1,013)	-
Deficit from HK-SZ Western Corridor walk	(127)	-
Deficit from Polytechnic Alumni Homecoming carnival	(1,780)	-
Surplus from TTI Factories visit	529	-
Bank interest received	3,125	2,381
Sundry income	-	470
	<u>30,277</u>	<u>45,915</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Advertisement	4,750	4,200
Bank charges	450	300
Business registration fee	2,600	2,600
Congregation luncheon	1,500	-
Printing and stationery	67	819
Sundry expenses	275	2,450
Web site	588	532
	<u>10,230</u>	<u>10,901</u>
<b>SURPLUS FOR THE YEAR</b>	<u>20,047</u>	<u>35,014</u>