

**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 2011**

**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 2011.

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 2011 and the state of the Association's affairs as at that date are set out in the financial statements on pages 3 to 10.

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
Chiu Kung Ting, Thomas
Choi Sau Fung, Lornnie
Kwok Wing Cheong, Lawrence (Appointed on 11th December, 2010)
Lai Tin Hung
Ho Man Ying
Wong Lai Shan
Yu Kin Kau (Resigned on 11th December, 2010)
Wong Wai Kuen, Pedro

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 member 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 Association's auditor is to be proposed at the forthcoming annual general meeting.

By order of the Executive Committee



Hong Kong, 10 NOV 2011



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 10, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, 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.

Executive Committee Members' responsibility for the financial statements

The executive committee 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 directors 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 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 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 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 2011 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.

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

Authorized Signature(s)

CHIU CHI WING
Practising Certificate Number P01732
Lixin C.P.A. Limited

Hong Kong, 10 NOV 2011

香港灣仔告士打道50號馬來西亞大廈1602室

Unit 1602, Malaysia Building, 50 Gloucester Road, Wanchai, Hong Kong.

Tel : (852) 2834 6483 Fax : (852) 2893 0602 E-mail : lixin@lixin.com.hk

**Statement of comprehensive income for the year ended 31 March 2011
(In Hong Kong dollars)**

	<u>Note</u>	<u>2011</u> HK\$	<u>2010</u> HK\$
Turnover	5	7,600	15,000
Other revenue	6	15,630	25,829
Administrative expenses		<u>(14,937)</u>	<u>(14,630)</u>
Surplus before tax		8,293	26,199
Income tax expense	7	<u>-</u>	<u>-</u>
Surplus/total comprehensive income for the year		<u><u>8,293</u></u>	<u><u>26,199</u></u>

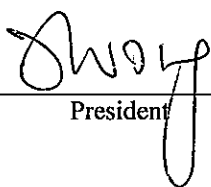
**The University of Warwick and The Hong Kong Polytechnic
University Manufacturing Alumni Association Limited
Financial statements for the year ended 31 March 2011**

Page 4

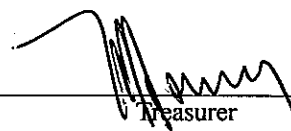
**Statement of financial position at 31 March 2011
(In Hong Kong dollars)**

	<u>Note</u>	<u>2011</u> HK\$	<u>2010</u> HK\$
Current assets			
Other receivables		3,800	-
Deposits		-	1,480
Cash and cash equivalents		<u>209,933</u>	<u>195,911</u>
		<u>213,733</u>	<u>197,391</u>
Current liabilities			
Accrued expenses		<u>8,483</u>	<u>434</u>
NET ASSETS		<u>205,250</u>	<u>196,957</u>
EQUITY			
Reserves	9	<u>205,250</u>	<u>196,957</u>

The financial statements were approved and authorised for issue by the Executive Committee on 10 NOV 2011



President



Treasurer

**The University of Warwick and The Hong Kong Polytechnic
University Manufacturing Alumni Association Limited
Financial statements for the year ended 31 March 2011**

Page 5

**Statement of changes in equity for the year ended 31 March 2011
(In Hong Kong dollars)**

	Accumulated surplus HK\$
Balance at 1 April 2009	170,758
Changes in equity for 2009/10	
Surplus for the year	<u>26,199</u>
Balance at 31 March 2010	<u>196,957</u>
Balance at 1 April 2010	196,957
Changes in equity for 2010/11	
Surplus for the year	<u>8,293</u>
Balance at 31 March 2011	<u>205,250</u>

**The University of Warwick and The Hong Kong Polytechnic
University Manufacturing Alumni Association Limited
Financial statements for the year ended 31 March 2011**

Page 6

**Statement of cash flows for the year ended 31 March 2011
(In Hong Kong dollars)**

	<u>2011</u> HK\$	<u>2010</u> HK\$
Cash flows from operating activities		
Surplus before tax	8,293	26,199
Adjustments for:		
- Bank interest received	(19)	(89)
Operating surplus before working capital changes	<u>8,274</u>	<u>26,110</u>
Increase in other receivable	(3,800)	2,505
Decrease/(increased) in deposits	1,480	(1,480)
Increase/(decrease) in accrued expenses	<u>8,049</u>	<u>(11,916)</u>
<i>Net cash from operating activities</i>	<u>14,003</u>	<u>15,219</u>
Cash flows from investing activities		
Interest received	<u>19</u>	<u>89</u>
<i>Net cash from investing activities</i>	<u>19</u>	<u>89</u>
Net increase in cash and cash equivalents	14,022	15,308
Cash and cash equivalents at beginning of the year	<u>195,911</u>	<u>180,603</u>
Cash and cash equivalents at end of the year	<u>209,933</u>	<u>195,911</u>

**Notes to financial statements for the year ended 31 March 2011
(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 Association, 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.

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 is recognised using the effective interest method.

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. Certain key assumptions and risk factors in respect of the financial risk management are set out in note 10.

5. Turnover

Turnover represents membership fees received during the year.

6. Other revenue

	<u>2011</u> HK\$	<u>2010</u> HK\$
Other revenue:		
Bank interest income	19	89
Surplus from annual dinner	16,101	29,703
Surplus from Geopark visit	860	-
Deficit from Technical visit	(133)	-
Deficit from EMSD visit	(66)	-
Deficit from Seminar of Sustainable Engineering with Financial Benefits	-	(1,635)
Deficit from Dr Rebecca Li's talk	-	(192)
Deficit from Cyberport visit	-	(816)
Deficit from HACTL visit	-	(90)
Deficit from Dunwell visit	-	(1,066)
Surplus from Music Night	-	232
Surplus from Poly U Carnival 2010	396	(396)
Deficit from CASL visit	(67)	-
Deficit from HK-7 Federation of Football league	(1,480)	-
	<u>15,630</u>	<u>25,829</u>

7. 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 surplus at applicable tax rates:

	<u>2011</u> HK\$	<u>2010</u> HK\$
Surplus before tax	<u>8,293</u>	<u>26,199</u>
Tax at the applicable tax rate of 16.5% (2010: 16.5%)	1,368	4,323
Tax effect of non-taxable income	<u>(1,368)</u>	<u>(4,323)</u>
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 reporting date.

8. Committee Members' remuneration

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

9. Reserves

	Accumulated surplus HK\$
Balance at 1 April 2009	170,758
Surplus for the year	26,199
Balance at 31 March 2010	<u>196,957</u>
Balance at 1 April 2010	196,957
Surplus for the year	8,293
Balance at 31 March 2011	<u>205,250</u>

10. Financial instruments

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

	Loans and receivables HK\$
<u>2011</u>	
Other receivable	3,800
Cash and cash equivalents	209,933
	<u>213,733</u>
<u>2010</u>	
Cash and cash equivalents	<u>195,911</u>

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

	Financial liabilities at amortised cost HK\$
<u>2011</u>	
Accrued expenses	<u>8,483</u>
<u>2010</u>	
Accrued expenses	<u>434</u>

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2010 and 2011.

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.

10. Financial instruments (continued)

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>2011</u>	
Accrued expenses	<u>8,483</u>
<u>2010</u>	
Accrued expenses	<u>434</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. The Association mainly holds deposits with banks and the exposure is considered not significant.

Summary quantitative data

	<u>2011</u> HK\$	<u>2010</u> HK\$
<u>Floating-rate financial assets</u>		
Cash at bank	<u>203,948</u>	<u>185,354</u>

No sensitivity analysis has been prepared for the years ended 31 March 2011 and 2010 as the change in interest rates has no material effect on the result and net assets of the Association.

11. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2011

Up to the date of issue of these financial statements, the HKICPA has issued the amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2011 and which have not been adopted in these financial statements.

The Association is in the process of making an assessment of what the impact of these amendments 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 Association's results of operations and financial position.

**The University of Warwick and The Hong Kong Polytechnic
University Manufacturing Alumni Association Limited
Financial statements for the year ended 31 March 2011**

Page 11
(For management purpose only)

Detailed income statement for the year ended 31 March 2011

	<u>2011</u> HK\$	<u>2010</u> HK\$
INCOME		
Membership fees	<u>7,600</u>	<u>15,000</u>
OTHER INCOME		
Surplus from annual dinner	16,101	29,703
Surplus from Geopark visit	860	-
Deficit from Technical visit	(133)	-
Deficit from EMSD visit	(66)	-
Deficit from CASL visit	(67)	-
Deficit from HK-T Federation of Football league	(1,480)	-
Deficit from Seminar of Sustainable Engineering with Financial Benefits	-	(1,635)
Deficit from Dr Rebecca Li's talk	-	(192)
Deficit from Cyberport visit	-	(816)
Deficit from HACTL visit	-	(90)
Deficit from Dunwell visit	-	(1,066)
Surplus from Music Night	-	232
Surplus from Poly U Carnival 2010	396	(396)
Bank interest received	<u>19</u>	<u>89</u>
	<u>15,630</u>	<u>25,829</u>
ADMINISTRATIVE EXPENSES		
Advertisement	4,750	6,750
Bank charges	450	450
Business registration fee	450	450
Printing and stationery	114	-
Sundry expenses	2,700	738
Web site	<u>6,473</u>	<u>6,242</u>
	<u>14,937</u>	<u>14,630</u>
SURPLUS FOR THE YEAR	<u>8,293</u>	<u>26,199</u>