

RAPHA FOUNDATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010



W. M. LAU & COMPANY

Certified Public Accountants

劉偉明會計師事務所

RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES
FOR THE YEAR ENDED JUNE 30, 2010

CONTENTS

The management committees have pleasure in submitting their report together with the audited financial statements for the year ended June 30, 2010.

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MANAGEMENT COMMITTEES

(EXPRESSED IN HONG KONG DOLLAR)

The following persons were management committees of the Charity during the year and up to date of the report were:

Kot Lam Kai Katherine

Leung Po Yee

Wong Lai Wai

Yung Sau Yuli

Ho Sin Ping Daniel

(Appointed on September 17, 2010)

(Appointed on October 20, 2010)

(Appointed on January 17, 2011)

MANAGEMENT COMMITTEES' INTERESTS IN CONTRACTS

No contract of significance in relation to the Charity's business to which the Charity, and in which a management committee of the Charity had a material interest, subsisted at the end of the year or at any time during the year.

(To be continued)

RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES
FOR THE YEAR ENDED JUNE 30, 2010

The management committees have pleasure in submitting their report together with the audited financial statements for the year ended June 30, 2010.

PRINCIPAL ACTIVITIES

Its principal activities are to provide the financial assistance to those who need but unable to afford professional counseling, to work closely with churches to equip them to provide a healing ministry for those who are wounded psychologically for the benefit of the public, and to practise a healing concept that is integrated with Christian faith for the benefit of the public. There were no significant changes in the nature of the Charity's principal activities during the year.

RESULTS

The results of the Charity for the year ended June 30, 2010 and the state of affairs of the Charity as that date are set out in the financial statements on pages 5 to 18.

MANAGEMENT COMMITTEES

The following persons were management committees of the Charity during the year and up to date of the report were:

Kot Lam Kat Katherine	
Tsang Po Yee	
Wong Lai Wa	(Appointed on September 17, 2010)
Tsang Sou Wah	(Appointed on October 20, 2010)
Ho Sin Pan Daniel	(Appointed on January 17, 2011)

MANAGEMENT COMMITTEES' INTERESTS IN CONTRACTS

No contract of significance in relation to the Charity's business to which the Charity, and in which a management committees of the Charity had a material interest, subsisted at the end of the year or at any time during the year.

...../To be continued

RAPHA FOUNDATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEES

FOR THE YEAR ENDED JUNE 30, 2010

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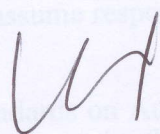
MANAGEMENTS CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Charity were entered into or existed during the year.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint W. M. Lau & Company, Certified Public Accountants.

FOR AND ON BEHALF OF THE BOARD



CHAIRMAN

Hong Kong
June 10, 2011



W. M. LAU & COMPANY 劉偉明會計師事務所

Certified Public Accountants

Unit 201, 2/F., Malaysia Building, 50 Gloucester Road, Hong Kong 香港灣仔告士打道50號馬來西亞大廈2樓201室
Tel 電話: (852) 2527 5497 Fax 傳真: (852) 2866 7997 E-mail 電郵: info@wmlaucpa.com

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

RAPHA FOUNDATION LIMITED

(Incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of Rapha Foundation Limited ("Charity") set out on pages 5 to 18, which comprise the balance sheet as at June 30, 2010 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 notes.

Management committees' responsibility for the financial statements

The management committees 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 auditors consider 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 management committees, as well as evaluating the overall presentation of the financial statements.

..... / To be continued



W. M. LAU & COMPANY 劉偉明會計師事務所

Certified Public Accountants

Unit 201, 2/F., Malaysia Building, 50 Gloucester Road, Hong Kong 香港灣仔告士打道50號馬來西亞大廈2樓201室
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FOR THE YEAR ENDED JUNE 30, 2010

	2010 HK\$	2009 HK\$
..... / Continued		
INDEPENDENT AUDITORS' REPORT		
TO THE SHAREHOLDERS OF		
RAPHA FOUNDATION LIMITED		
(Incorporated in Hong Kong with liability limited by guarantee)		

Auditor's responsibility (continued)

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 Charity's affairs as at June 30, 2010 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.

W. M. Lau & Co.

W. M. Lau & Company.,
Certified Public Accountants

Hong Kong
June 10, 2011

RAPHA FOUNDATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 HK\$	2009 HK\$
Income			
Donation received		115,444	195,827
Training course fee received		471,146	520,550
Sales of books, CDs and DVDs		200,648	321,747
Cost of sales	5	(95,155)	(102,442)
Gross profit		<u>105,493</u>	<u>219,305</u>
Bank interest income	5	1,287	5,233
Other income		<u>--</u>	<u>30,770</u>
Total income		<u>693,370</u>	<u>971,685</u>
Less: Expenditure			
Advertising		324	--
Auditors' remuneration	5	4,000	4,000
Bank charge		1,157	524
Bank interest		50,298	13
Building management fee		15,420	--
Cleaning		4,275	--
Depreciation	5	95,105	2,738
Entertainment		51	532
Exchange rate difference		(11,546)	--
General expenses		6,500	5,000
Insurance		6,810	--
Local traveling		9,342	8,183
Printing and stationery		16,011	1,552
Postage and courier		8,013	3,545
Provident fund contributions		17,634	7,911
Professional fee		1,450	--
Repair and maintenance		3,217	386
Rent and rate		18,000	54,000
Staff costs	5	376,720	165,913
Staff welfare & messing		2,154	--
Training course expenses		44,943	67,435
Training course subsidy		136,310	53,290
Sundry expenses		1,696	879
Telephone		7,036	4,640
Utility		5,566	--
		<u>820,486</u>	<u>380,541</u>
		(127,116)	591,144
Transfer to office building fund		<u>--</u>	<u>(840,000)</u>
Deficit for the year	5	<u>(127,116)</u>	<u>(248,856)</u>

..... / To be continued

..... / Continued

RAPHA FOUNDATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 HK\$	2009 HK\$
Deficit for the year		<u>(127,116)</u>	<u>(248,856)</u>
<u>Books translation & printing fund</u>			
Donation received		<u>62,490</u>	<u>34,897</u>
<u>Professional counseling subsidy fund</u>			
Donation received		16,063	1,700
Expenditure		<u>(13,200)</u>	<u>--</u>
		<u>2,863</u>	<u>1,700</u>
<u>Exchange subsidy fund</u>			
Donation received		81,369	60,422
Expenditure		<u>(61,149)</u>	<u>(115,582)</u>
		<u>20,220</u>	<u>(55,160)</u>
<u>Development fund</u>			
Donation received		<u>14,621</u>	<u>55,100</u>
<u>Course subsidy fund</u>			
Donation received		<u>20,499</u>	<u>24,787</u>
<u>Office building fund</u>			
Donation received		553,000	9,900
Transfer from accumulated surplus		<u>--</u>	<u>840,000</u>
		<u>553,000</u>	<u>849,900</u>
<u>China ministry fund</u>			
Donation received	8	214,522	277,319
Expenditure	8	<u>(155,056)</u>	<u>(69,115)</u>
		<u>59,466</u>	<u>208,204</u>
Total comprehensive income for the year		<u>606,043</u>	<u>870,572</u>

The notes on pages 10 to 18 form part of these financial statements.

RAPHA FOUNDATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2010

	Books translation and printing fund HK\$	Professional counseling subsidy fund HK\$	Exchange subsidy fund HK\$	Development fund HK\$	Course subsidy fund HK\$	Office building fund HK\$	China ministry fund HK\$	Accumulated surplus/ (deficit) HK\$	Total HK\$
At July 1, 2008	31,146	125,994	94,442	50,000	57,111	--	--	259,434	618,127
Total comprehensive income for the year	34,897	1,700	(55,160)	55,100	24,787	849,900	208,204	(248,856)	870,572
At June 30, 2009	66,043	127,694	39,282	105,100	81,898	849,900	208,204	10,578	1,488,699
Total comprehensive income for the year	62,490	2,863	20,220	14,621	20,499	553,000	59,466	(127,116)	606,043
At June 30, 2010	128,533	130,557	59,502	119,721	102,397	1,402,900	267,670	(116,538)	2,094,742

The notes on pages 10 to 18 form part of these financial statements.

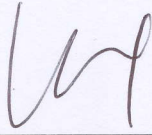
RAPHA FOUNDATION LIMITED

BALANCE SHEET

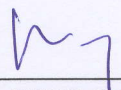
AS AT JUNE 30, 2010

	Note	2010 HK\$	2009 HK\$
Non current assets			
Property, plant and equipment	9	<u>3,869,346</u>	<u>10,950</u>
Current assets			
Inventories		136,044	48,580
Accounts receivable	11	7,142	33,519
Prepayment and deposits		42,500	78,176
Cash and bank balances		<u>784,172</u>	<u>1,431,924</u>
		<u>969,858</u>	<u>1,592,199</u>
Current liabilities			
Accruals		8,200	8,200
Accounts payable		8,470	--
Receipts in advance		8,095	6,250
Bank loan	10	<u>97,611</u>	<u>--</u>
		<u>122,376</u>	<u>14,450</u>
Net current assets		<u>847,482</u>	<u>1,577,749</u>
Non current liabilities			
Loans	12	350,000	100,000
Bank loan	10	<u>2,272,086</u>	<u>--</u>
		<u>2,622,086</u>	<u>100,000</u>
Net assets		<u>2,094,742</u>	<u>1,488,699</u>
Reserves			
Accumulated (deficit)/surplus		(116,538)	10,578
Books translation and printing fund		128,533	66,043
Professional counseling subsidy fund		130,557	127,694
Exchange subsidy fund		59,502	39,282
Development fund		119,721	105,100
Course subsidy fund		102,397	81,898
Office building fund		1,402,900	849,900
China ministry fund	8	<u>267,670</u>	<u>208,204</u>
		<u>2,094,742</u>	<u>1,488,699</u>

Approved and authorised for issue by the Management Committee on June 10, 2011.



 MANAGEMENT COMMITTEE



 MANAGEMENT COMMITTEE

The notes on pages 10 to 18 form part of these financial statements.

RAPHA FOUNDATION LIMITED

CASH FLOW STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

		2010 HK\$	2009 HK\$
Cash flows from operating activities	Note		
Total comprehensive income for the year		606,043	870,572
Adjustments for:			
Depreciation	5	95,105	2,738
Bank interest income	5	(1,287)	(5,233)
Operating surplus before working capital change		699,861	868,077
Increase in inventories		(87,464)	(43,359)
Decrease/(increase) in account receivable		26,377	(33,519)
Decrease/(increase) in prepayment and deposits		35,676	(53,676)
Increase in accruals		--	4,200
Increase/(decrease) in accounts payable		8,470	(4,117)
Increase/(decrease) in receipts in advance		1,845	(223,655)
Net cash from operating activities		684,765	513,951
Cash flows from financing activities			
New loans		250,000	100,000
New bank loan		2,369,697	--
Net cash from financing activities		2,619,697	100,000
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(3,953,501)	(13,688)
Interest received		1,287	5,233
Net cash used in investing activities		(3,952,214)	(8,455)
Net (decrease)/increase in cash and cash equivalents		(647,752)	605,496
Cash and cash equivalents at beginning of the year		1,431,924	826,428
Cash and cash equivalents at end of the year		784,172	1,431,924
Analysis of cash and cash equivalents			
Cash and bank balances		784,172	1,431,924

The notes on pages 10 to 18 form part of these financial statements.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

1. GENERAL INFORMATION

Rapha Foundation Limited is incorporated in Hong Kong under the Hong Kong Companies Ordinance on March 5, 2007 as a charity limited by guarantee. The address of its registered office and principal place of business is Room A, 7/F, Shun Pont Commercial Building, 5-11 Thomson Road, Wanchai, Hong Kong. Its principal activities are to provide the financial assistance to those who need but unable to afford professional counseling, to work closely with churches to equip them to provide a healing ministry for those who are wounded psychologically for the benefit of the public, and to practise a healing concept that is integrated with Christian faith for the benefit of the public.

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, that include Hong Kong Financial Reporting Standards (HKFRSs) and the requirement of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 3.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statement

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

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment loss, if any.

RAPHA FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Leasehold land and building	50 years or the unexpired term of lease, if any and shorter
Leasehold improvement	5 years
Furniture and fixtures	5 years
Office equipment	5 years

The residual value and the useful life of an asset are reviewed at least at each financial year-end.

The Charity assesses at each reporting date whether there is any indication that any items of property, plant and equipment may be impaired and that an impairment loss recognised in prior periods for an item may have decreased. If any such indication exists, the Charity estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount or a reversal of impairment loss is recognised immediately in profit or loss.

Gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Impairment loss

At each balance sheet date, the Charity reviews carrying amount of tangible assets to determine whether the carrying amounts of its tangible asset have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its net selling price and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Charity estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

RAPHA FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment loss

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

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

Accounts payable, accruals and receipts in advance

Accounts payable, accruals and receipts in advance are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Charity has 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 same 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.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Charity. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the Charity and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognised as follows:

Revenue from the sales of good is recognised when the Charity has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods.

Donation income is recognised on the cash basis.

Course fee income is recognised upon the completion of the courses for the attendants.

Bank interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

Related parties

For the purposes of these financial statements, a party is considered to be related to the Charity if:

- i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Charity, has an interest in the Charity that gives it significant influence over the Charity, or has joint control over the Charity;
- ii) the party is an associate of the Charity;
- iii) the party is a joint venture in which the Charity is a venturer;
- iv) the party is a member of the key management personnel of the Charity or its parent;
- v) the party is a close member of the family of any individual referred to in (i) or (iv);
- vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- vii) the party is a post-employment benefit plan for the benefit of employees of the Charity, or of any entity that is a related party of the Charity.

RAPHA FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

Key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out as follows:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Charity assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimates, such differences from the original estimates will impact the depreciation charges in the year in which the estimates change.

Impairment of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use calculation requires the Charity to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

5. DEFICIT FOR THE YEAR

	2010 HK\$	2009 HK\$
Deficit for the year is stated after charging:		
Auditors' remuneration	4,000	4,000
Cost of sales	95,155	102,442
Depreciation	95,105	2,738
Staff costs	376,720	165,913
	<u> </u>	<u> </u>
And after crediting:		
Bank interest income	1,287	5,233
	<u> </u>	<u> </u>

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

6. MANAGEMENT COMMITTEES' REMUNERATION

Remuneration of management committees disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	2010 HK\$	2009 HK\$
Fees	--	--
Other emoluments	--	--

7. TAXATION

No provision for Hong Kong profits tax has been made as the Charity is exempted from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance. (2009: Nil).

8. CHINA MINISTRY FUND

	2010 HK\$	2009 HK\$
Balance as at July 1	208,204	--
Donation received during the year	214,522	277,319
Expenditure paid during the year	<u>(155,056)</u>	<u>(69,115)</u>
Balance as at June 30	<u>267,670</u>	<u>208,204</u>

The fund is established and maintained for China's course expenditure.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

9. PROPERTY, PLANT AND EQUIPMENT

	Land and Building HK\$	Leasehold Improvement HK\$	Furniture and Fixtures HK\$	Office Equipment HK\$	Total HK\$
Cost					
At July 1, 2009	--	--	--	13,688	13,688
Additions	3,879,630	52,720	2,805	18,346	3,953,501
At June 30, 2010	3,879,630	52,720	2,805	32,034	3,967,189
Accumulated Depreciation					
At July 1, 2009	--	--	--	2,738	2,738
Charge for the year	77,593	10,544	561	6,407	95,105
At June 30, 2010	77,593	10,544	561	9,145	97,843
Carrying amount					
At June 30, 2010	3,802,037	42,176	2,244	22,889	3,869,346
At June 30, 2009	--	--	--	10,950	10,950

The Charity's land and building are situated in Hong Kong and are held under long-term lease.

10. BANK LOAN

The mortgage loans at year end are as follows:

	2010 HK\$	2009 HK\$
Repayable within one year	97,611	--
Repayable within two to five years	526,358	--
Repayable over five years	1,745,728	--
	<u>2,369,697</u>	<u>--</u>

At June 31, 2010, the Charity's mortgage loan is secured by the Charity's land and building with an aggregate carrying value of HK\$ 3,802,037 (2009: Nil).

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

II. ACCOUNTS RECEIVABLE

	2010 HK\$	2009 HK\$
Accounts receivable	<u>7,142</u>	<u>33,519</u>

At June 30, the ageing analysis of accounts receivable that are neither individually nor collectively considered to be impaired is as follows:

	2010 HK\$	2009 HK\$
Neither past due nor impaired		
Past due but not impaired:		
Less than 30 days	<u>7,142</u>	<u>33,519</u>
At June 30	<u>7,142</u>	<u>33,519</u>

12. LOANS

The loans are unsecured, interest free and not repayable within next 12 months.

13. FINANCIAL RISK MANAGEMENT

The Charity is exposed to various kinds of risks in its operation and financial instruments. The Charity's risk management objectives and policies mainly focus on minimizing the potential adverse effects of these risks on the charity by closely monitoring the individual exposure as follows:

a. *Market risk and currency risk*

The Charity seldom involves in purchasing and selling of foreign currencies. The exposure currency risk is considered not significant.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Liquidity risk

The Charity manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

The table below summaries the maturity profile of the Charity's financial liabilities at June 30 based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date.

Year ended June 30, 2010	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 years HK\$	Over 5 years HK\$	Total HK\$
Accruals	8,200	--	--	--	--	8,200
Account payable	8,470	--	--	--	--	8,470
Receipts in advance	8,095	--	--	--	--	8,095
Loans	--	--	--	--	350,000	350,000
Bank loan	--	24,174	73,437	526,358	1,745,728	2,369,697
	<u>24,765</u>	<u>24,174</u>	<u>73,437</u>	<u>526,358</u>	<u>2,095,728</u>	<u>2,744,462</u>

Year ended June 30, 2009	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 years HK\$	Over 5 years HK\$	Total HK\$
Accruals	8,200	--	--	--	--	8,200
Receipts in advance	7,250	--	--	--	--	7,250
Loan	--	--	--	--	100,000	100,000
	<u>15,450</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>100,000</u>	<u>115,450</u>

c. Cash flow interest rate risk

The Charity's exposure on cash flow interest rate risk mainly arises from its deposits with banks and cash and cash equivalents and the exposure of which is considered not significant.