

DOMAT LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in Hong Kong Dollars)



Peter Cheng & Company
Certified Public Accountants (practising)

DOMAT LIMITED
REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 2016.

Principal place of business

The Domat Limited ("the organization") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Unit 904, 9/F., Yip Fung Industrial Centre, 7 Sheung Hei Street, Kowloon, Hong Kong.

Principal activities and business review

Principal activities of the organisation are the provision of architectural services to schools and underprivileged communities, with the aim of improving inadequate living environment and education standard.

Financial performance

- Consultancy service fee income increased by 12% to HK\$746,648 (2015: HK\$668,925).
- After deducting expenses of HK\$489,442 (2015: HK\$276,711) there is a surplus of HK\$53,080 (2015: HK\$221,283).

Financial statements

The result of the organization for the year ended 31 December 2016 and the state of affairs of the organization as at that date are set out in the financial statements on pages 6 to 13.

Fixed assets

Details of the movements in the property, plant and equipment of the Company is set out in note 5 to the financial statements.

Directors

The directors during the period and up to the date of this report were: -

MA, Kit Yi
KINGSLEY, Mark

In accordance with the organization's Articles of Association, all the directors retire from office and, being eligible, offer themselves for re-election.

DOMAT LIMITED
REPORT OF THE DIRECTORS

Directors

At no time during the year was the organization a party to any arrangements to enable the directors of the organization to acquire benefits by means of acquisition of an interest in or debentures of the organization or any other body corporate.

No contract of significance to which the organization was a party, and in which a director had a material interest, subsisted at the end of the year or at any time during the year.


Permitted indemnity provisions

At no time during the financial year and up to the date of this Report of the Directors, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or an associated company.

Auditors

Peter Cheng & Company retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Peter Cheng & Company as auditors of the organization is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Director

Hong Kong, 7 April 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DOMAT LIMITED

(incorporated in Hong Kong with liabilities limited by guarantee)



Opinion

We have audited the financial statements of Domat Limited ("the Company") set out on pages 6 to 13, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income and statement of cash flows 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 Company 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 Company 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.

The budgetary review statement For The Period From 1 January 2016 To 31 December 2016 in relation to A Better Life For Inadequate Homes Project ("The Project") under The Social Innovation And Entrepreneurship Development Fund

- i) the budgetary review statement set out on pages 14 to 17 is compiled in accordance with the "Finance Guidelines for Grantees";
- ii) the Grantee complies, in all material respect, with the Grantee's obligations set forth in the following sections of the grant agreement:
 - Accounts and Report
 - Financial Control
 - Matching Fund, Sponsorship and Donation
- iii) there is not matter coming to our attention that the Grantee does not comply with provisions in the grant agreement other than those mentioned in (iv) above.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DOMAT LIMITED

(incorporated in Hong Kong with liabilities limited by guarantee)



Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors 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 directors 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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. 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.

A handwritten signature in blue ink, appearing to be 'Peter Cheng', written over a faint circular stamp.

Peter Cheng & Company
Certified Public Accountants
Rooms 1202-3, 12/F., Lucky Commercial Centre,
103 Des Voeux Road West,
Hong Kong, 7 April 2017

DOMAT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	1.1.2016 ~31.12.2016	1.12.2014 ~31.12.2015
	<u>HK\$</u>	<u>HK\$</u>
Revenue		
Consultation fee income	231,102	283,089
Funding grant	205,000	225,000
Other income	14,564	-
Project income	245,982	160,836
Service fee income	50,000	-
	<u>746,648</u>	<u>668,925</u>
Project costs	<u>(204,126)</u>	<u>(170,931)</u>
	<u>542,522</u>	<u>497,994</u>
Expenditure		
Auditors' remuneration	7,000	5,000
Bank charges	345	369
Business registration fee	250	2,355
Consultancy fee	1,330	-
Directors' salary	222,330	-
Depreciation	41,045	30,614
Entertainment	1,607	784
Electricity and water	4,764	-
Exchange loss	-	202
Insurance	23,361	5,726
Internet	4,076	1,278
Postage	463	669
Printing	3,507	3,019
Stationery	983	3,080
Professional fee	3,700	6,100
Provident fund contribution	13,442	3,707
Rent	57,047	110,000
Repairs and maintenance	10,514	1,664
Salaries	60,575	75,052
Storage	9,640	-
Sundry	1,527	2,675
Telephone	468	358
Transportation	11,221	-
Travelling	8,841	20,648
Volunteers allowance	1,406	3,411
	<u>489,442</u>	<u>276,711</u>
Surplus for the year/period	<u>53,080</u>	<u>221,283</u>

DOMAT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>Note</u>	<u>1.1.2016</u> <u>~31.12.2016</u> <u>HK\$</u>	<u>1.12.2014</u> <u>~31.12.2015</u> <u>HK\$</u>
Surplus for the year/period		53,080	221,283
Other comprehensive income		<u>-</u>	<u>-</u>
		53,080	221,283
Income tax expenses	4	<u>(1,195)</u>	<u>(352)</u>
Total comprehensive income for the period		51,885	220,931
Accumulated surplus/(deficit) brought forward		<u>59,438</u>	<u>(161,493)</u>
Accumulated surplus carried forward		<u><u>111,323</u></u>	<u><u>59,438</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

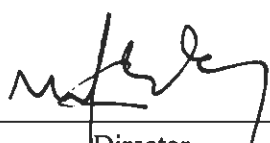
DOMAT LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	<u>Note</u>	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Non-current assets			
Furniture, fixture and equipment	5	123,137	91,842
Current assets			
Accounts receivable		134,195	8,700
Amount due from members		9,999	-
Bank and cash balances		33,786	219,632
		177,980	228,332
Current liabilities			
Accounts payable		176,247	10,904
Accrued expense		12,000	5,000
Tax payable		1,547	352
		189,794	16,256
Net current assets		(11,814)	212,076
Net assets		111,323	303,918
Representing: -			
Accumulated surplus		111,323	59,438
Non-current liability			
Advance from directors	6	-	244,480
		111,323	303,918

Approved and authorised for issue by the board of directors on 7 April 2017



 Director



 Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

DOMAT LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2016

	1.1.2016 ~31.12.2016 <u>HK\$</u>	1.12.2014 ~31.12.2015 <u>HK\$</u>
Operating activities		
Surplus for the year	53,080	221,283
Adjustment for: -		
Depreciation	<u>41,045</u>	<u>30,614</u>
Operating cash flow before working capital changes	94,125	251,897
Increase in accounts receivable	(125,495)	(8,700)
Increase in amount due from members	(9,999)	-
Increase in accounts payable	165,343	10,904
Increase in accrued expenses	<u>7,000</u>	<u>1,000</u>
Net cash generated from/(used in) operating activities	130,974	<u>255,101</u>
Investing activities		
Purchase of furniture, fixture and equipment	<u>(72,340)</u>	<u>(87,232)</u>
Net cash (used in) investing activities	<u>(72,340)</u>	<u>(87,232)</u>
Financing activities		
Advance from directors	<u>(244,480)</u>	<u>(26,609)</u>
Net (decrease)/increase in cash and cash equivalents	(185,846)	141,260
Cash and cash equivalents at beginning of the year/period	<u>219,632</u>	<u>78,372</u>
Cash and cash equivalents at the end of the year/period	<u><u>33,786</u></u>	<u><u>219,632</u></u>
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	<u><u>33,786</u></u>	<u><u>219,632</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

DOMAT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Status of the organization

Liabilities of the organization is limited by guarantee, such that under the provisions of the organization's memorandum of association, every member shall, in the event of the organization being wound up, contribute such amount as may be required to meet the liabilities of the organization, but not exceeding HK\$100 each.

Principal activities of the organisation are the provision of architectural services to schools and underprivileged communities, with the aim of improving inadequate living environment and education standard.

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 organization is set out below.

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the organization. The adoption of them did not result in significant changes to the organization’s accounting policies in these financial statements for the years presented.

(b) Basis of preparation of the financial statements

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

DOMAT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (cont'd)

(c) Revenue recognition

Where a revenue item is attributable to designated funds, the revenue is allocated to the respective funds; all other revenue is allocated to general fund.

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the organization and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- Consultancy service fee income was recognised when the services are rendered.

(d) Operating lease

Where the organization has the use of assets under operating lease, payments made under the leases are charged to the income and expenditure account in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in the income and expenditure account as an integral part of the aggregated net lease payments made.

(e) Fixed assets and depreciation

Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, on a reducing balance basis at the following annual rates: -

Office equipment	25%
Computer equipment	30%
Leasehold improvement	25%

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

DOMAT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (cont'd)

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits at banks, net of short-term bank loans and bank overdrafts which are repayable on demand.

(g) Account and other payables

Account and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which cases, they are stated at cost.

(h) Provisions

Provisions are recognized when the Organization has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Organization expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(i) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

3. Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	1.1.2016 ~31.12.2016 <u>HK\$</u>	1.12.2014 ~31.12.2015 <u>HK\$</u>
Fees	-	-
Salaries, allowances and benefits in kind	222,330	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
	<u>222,330</u>	<u>-</u>

4. Income tax

Provision has been made for Hong Kong Profits Tax at 16.5% on assessable profit for the year.

DOMAT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

5. Furniture, fixture and equipment

	Office equipment HK\$	Computer equipment HK\$	Leasehold Improvement HK\$	Total HK\$
Cost				
At 31 December 2015	17,978	84,219	32,000	134,197
Additions, at cost	29,451	42,889	-	72,340
At 31 December 2016	<u>47,429</u>	<u>127,108</u>	<u>32,000</u>	<u>206,537</u>
Aggregated depreciation				
At 31 December 2015	7,300	21,055	14,000	42,355
Charge for the year	10,032	26,513	4,500	41,045
At 31 December 2016	<u>17,332</u>	<u>47,568</u>	<u>18,500</u>	<u>83,400</u>
Net Book value				
At 31 December 2016	<u>30,097</u>	<u>79,540</u>	<u>13,500</u>	<u>123,137</u>
At 31 December 2015	<u>10,678</u>	<u>63,164</u>	<u>18,000</u>	<u>91,842</u>

6. Advance from directors

It is unsecured, interest free and is not repayable within one year.

7. Financial instruments

The Organization is exposed to credit risk, liquidity risk and market risk (currency risk and interest rate risk) arising in the normal course of its business. The Organization'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) Credit risk

The Organization has exposure to concentration risk as all its cash at bank are deposited in a single bank, however as it is a reputable and creditworthy bank, the directors are of the opinion that the related credit risk is low. The Organization has no other significant financial assets which lead to any credit risk to the Organization. Therefore, in the opinion of the directors, the credit risk is considered to be low and no sensitivity analysis is performed.

The directors of the Organization consider the credit risk on the financial statements as low and no impairment provision is required.

DOMAT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

7. Financial instruments (cont'd)

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balance to meet its financial commitments and to ensure adequate funding from members so as to enable the Organization to meet its liabilities as and when they fall due and to continue operating for the foreseeable future.

As at 31 December 2016, the aging of the Organization's financial liabilities based on the remaining period at the balance sheet date to the maturity date, in contractual undiscounted cash flows, is as follows:

	<u>2016</u>	<u>2015</u>
	<u>HK\$</u>	<u>HK\$</u>
Less than one year	189,794	16,256
After one year	-	244,480
	<u>189,794</u>	<u>260,736</u>

(c) Market risk

i) Currency risk

The Organization's exposure to currency risk is minimal as all material financial assets and liabilities are denominated in its functional currency.

ii) Interest rate risk

The Organization's exposure to cash flow interest rate risk is minimal because the Organization does not have any floating rate borrowings.