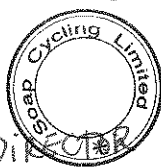


I certify this is a true copy.

David Bishop

DAVID BISHOP, DIRECTOR



Report of the Committee members

Audited Financial Statements

SOAP CYCLING LIMITED

31 OCTOBER 2016

ANTHONY C. C. KAM & CO.  
Certified Public Accountants  
HONG KONG

# SOAP CYCLING LIMITED

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## SOAP CYCLING LIMITED

### REPORT OF THE COMMITTEE MEMBERS

The committee members present their annual report and the audited financial statements for the year ended 31 October 2016.

#### Principal activities

The Association's principal activities are to alleviate disease and sickness, protect and preserve public health and relieve poverty, by providing basic hygiene products.

#### Results

The results of the Association for the year ended 31 October 2016 and its financial position as at that date are set out in the accompanying financial statements.

#### Plant and equipment

Details of movements in the plant and equipment of the Association are set out in note 9 to the financial statements.

#### Committee members

The committee members of the Association during the year and up to the date of this report were:

David Lorin Bishop  
Sunnee Joy Bishop  
Beau Linton Lefler

In accordance with the Association's articles of association, one-third of the Committee Members for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest one-third, shall retire from office, and shall be eligible for re-election.

#### Committee members' interests

At no time during the year was the Association a party to any arrangements to enable the Association's committee members to acquire benefits by means of the acquisition of shares in or debentures of the Association or any other body corporate.

No contract of significance to which the Association was a party and in which a committee member of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

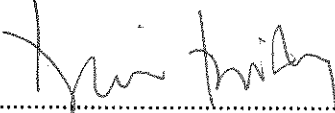
#### Permitted indemnity provision

A permitted indemnity provision for the benefit of the Committee Members of the Association is currently in force throughout the year.

#### Auditor

Messrs. Anthony C. C. Kam & Co. retire and, being eligible, offer themselves for re-appointment.

On behalf of the Executive Committee

  
.....  
Committee member, David Lorin Bishop  
Hong Kong



## INDEPENDENT AUDITOR'S REPORT

To the members of  
SOAP CYCLING LIMITED  
(incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Soap Cycling Limited ("the Association") set out on pages 3 to 10, which comprise the statement of financial position as at 31 October 2016, and the statement of profit or loss and accumulated funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Committee Members' Responsibility for the Financial Statements*

The committee members are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the committee members 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. This report is made solely to you, as a body, in accordance with section 405 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 this 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 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 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 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 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 financial position of the Association as at 31 October 2016, and of its financial performance and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Anthony C.C. Kam & Co.  
Certified Public Accountants (Practising)  
Hong Kong

SOAP CYCLING LIMITED

STATEMENT OF PROFIT OR LOSS AND ACCUMULATED FUNDS

Year ended 31 October 2016

	Notes	2016 HK\$	2015 HK\$
REVENUE	3	312,427	335,978
Other income	4	<u>3</u>	<u>4</u>
		312,430	335,982
Administrative expenses		(366,202)	(756,394)
Finance cost	5	<u>-</u>	<u>(4)</u>
DEFICIT BEFORE TAX	6	(53,772)	(420,416)
Taxation	8	<u>-</u>	<u>-</u>
DEFICIT FOR THE YEAR		(53,772)	(420,416)
Accumulated funds at the beginning of the year		<u>296,821</u>	<u>717,237</u>
Accumulated funds at the end of the year		<u><u>243,049</u></u>	<u><u>296,821</u></u>

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

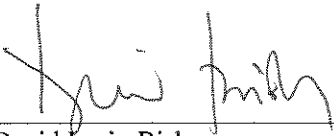
SOAP CYCLING LIMITED


STATEMENT OF FINANCIAL POSITION

31 October 2016

	Notes	2016 HK\$	2015 HK\$
NON-CURRENT ASSET			
Plant and equipment	9	<u>145,450</u>	<u>169,606</u>
CURRENT ASSETS			
Cash and bank balances		383,298	314,189
Accounts receivable		61,490	58,412
Prepayments, deposits and other receivables		<u>25,604</u>	<u>41,963</u>
		<u>470,392</u>	<u>414,564</u>
CURRENT LIABILITIES			
Accruals and other payables		144,640	59,196
Loan from a committee member	10	<u>228,153</u>	<u>228,153</u>
		<u>372,793</u>	<u>287,349</u>
NET CURRENT ASSETS		97,599	127,215
NET ASSETS		<u><u>243,049</u></u>	<u><u>296,821</u></u>
REPRESENTED BY:			
Accumulated funds		<u><u>243,049</u></u>	<u><u>296,821</u></u>

Approved by:

  
 David Lorin Bishop  
 Committee member

  
 Sunnee Joy Bishop  
 Committee member

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

SOAP CYCLING LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 October 2016

	2016 HK\$	2015 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit before tax	(53,772)	(420,416)
Adjustment for:		
Depreciation	24,156	24,157
Interest income	(3)	(3)
Operating deficit before working capital changes	(29,619)	(396,262)
Increase in accounts receivable	(3,078)	(13,606)
Decrease/ (increase) in prepayments, deposits and other receivables	16,359	(25,892)
Increase in accruals and other payables	85,444	31,360
Net cash generated from/ (used in) operating activities	69,106	(404,400)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	3	3
Net cash generated from investing activities	3	3
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	69,109	(404,397)
Cash and cash equivalents at beginning of year	314,189	718,586
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>383,298</b>	<b>314,189</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	383,298	314,189

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

# SOAP CYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 October 2016

### 1. GENERAL INFORMATION

Soap Cycling Limited (the “Association”) is incorporated in Hong Kong under the Hong Kong Companies Ordinance on 29 June 2012. The Association was limited by guarantee and do not have any share capital. Under the provisions of the Association’s Articles of Association, every member shall, in the event of the Association being wound up, contribute to the assets of the Association to the extent not exceeding HK\$10.

The registered office of the Association is located at 2C, Greenburg Court, Discovery Bay City, Lantau Island, Hong Kong. The Association’s principal activities are to alleviate disease and sickness, protect and preserve public health and relieve poverty, by providing basic hygiene products.

These financial statements of the Association are presented in Hong Kong Dollars (“HK\$”), which is the same as the functional currency of the Association.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and 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, having been within three months of maturity at acquisition. Bank overdrafts that are payable on demand and form an integral part of the Association’s cash management are also included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

#### Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

#### Revenue recognition

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

- (i) Revenue arising from donations is recognised when the donations are received; and
- (ii) Bank interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.



# SOAP CYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 October 2016

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

#### Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalised as an additional cost of the plant and equipment.

The gain or loss on disposal or retirement of the plant and equipment recognised in profit or loss is the difference between the sales proceeds and the carrying amount of the relevant asset.

Depreciation is calculated on the straight-line method to write off the cost of each asset. The principal annual rates used for this purposes are as follows:

Machinery and equipment	10%
-------------------------	-----

#### Impairment of assets

At the end of each reporting period, both internal and external sources of information are considered to assess whether there is any indication that plant and equipment and other assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the statement of profit or loss and accumulated funds.

#### Receivables

Receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of profit or loss and accumulated funds.

#### Payables

Payables are initially recognised at transaction price and subsequently measured at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### Related parties

For the purposes of these financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Association if that person:
  - (i) is a member of the key management personnel of the Association or of a parent of the Association;
  - (ii) has control over the Association; or
  - (iii) has joint control or significant influence over the Association or has significant voting power in it.

SOAP CYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 October 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Related parties (continued)

- (b) An entity is related to the Association if any of the following conditions applies:
- (i) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) either entity is an associate or joint venture of the other entity (or a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of a third entity.
  - (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the plan.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant voting power in the entity.
  - (viii) a person identified in (a)(ii) has significant influence over the entity or significant voting power in it.
  - (ix) a person or close member of that person's family has both significant influence over the entity or significant voting power in it and joint control over the Association.
  - (x) a member of the key management personnel of the entity or of a parent of the entity, or a close member of that member's family, has control or joint control over the Association or has significant voting power in it.

3. REVENUE

	2016 HK\$	2015 HK\$
Donations received	<u>312,427</u>	<u>335,978</u>

4. OTHER INCOME

	2016 HK\$	2015 HK\$
Bank interest income	3	3
Sundry income	<u>-</u>	<u>1</u>
	<u>3</u>	<u>4</u>

5. FINANCE COST

	2016 HK\$	2015 HK\$
Interest on bank overdraft	<u>-</u>	<u>4</u>

SOAP CYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 October 2016

6. DEFICIT BEFORE TAX

Deficit before tax is arrived at after charging:

	2016 HK\$	2015 HK\$
Auditor's remuneration	4,500	4,500
Depreciation	24,156	24,157
Operating leases in respect of land and building	12	12
Staff costs (excluding committee members' remuneration) salaries and allowances	<u>130,000</u>	<u>574,088</u>

7. COMMITTEE MEMBERS' REMUNERATION

Committee members' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance is as follows:

	2016 HK\$	2015 HK\$
Fees	-	-
Salaries and allowances	<u>-</u>	<u>-</u>

8. TAXATION

Taxation is not provided as the Association, being a charitable institution or trust of a public character, is exempt from tax under Section 88 of the Inland Revenue Ordinance.

SOAP CYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 October 2016

9. PLANT AND EQUIPMENT

	Machinery and equipment HK\$
Cost:	
At 1 November 2015 and 31 October 2016	<u>241,567</u>
Accumulated depreciation:	
At 1 November 2015	71,961
Provided for the year	<u>24,156</u>
At 31 October 2016	<u>96,117</u>
Net carrying amount:	
At 31 October 2016	<u><u>145,450</u></u>
At 31 October 2015	<u><u>169,606</u></u>

10. LOAN FROM A COMMITTEE MEMBER

The amount is unsecured, non-interest bearing and repayable on demand.

11. COMMITMENTS

As at 31 October 2016, the total future minimum leases payments under non-cancellable operating leases are as follows:

	2016 HK\$	2015 HK\$
Within one year	5	12
After one year but within five years	<u>-</u>	<u>5</u>
	<u><u>5</u></u>	<u><u>7</u></u>

12. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the executive committee on

(For management purposes only - not part of the financial statements)

SOAP CYCLING LIMITED  
DETAILED INCOME STATEMENT

Year ended 31 October 2016

	2016 HK\$	2015 HK\$
REVENUE		
Donations received	312,427	335,978
OTHER INCOME		
Bank interest income	3	3
Sundry income	-	1
	<u>3</u>	<u>4</u>
	312,430	335,982
ADMINISTRATIVE EXPENSES		
Administrative expenses	12,111	2,516
Auditor's remuneration	4,500	4,500
Bank charges	765	1,325
Building management fee	52,105	42,458
Computer expenses	2,585	5,872
Delivery expenses	94,037	28,368
Depreciation	24,156	24,157
Entertainment	-	7,362
Insurance	3,833	3,667
Legal and professional fees	-	195
Marketing expenses	50	6,770
Printing	3,611	437
Operating leases in respect of land and building	12	12
Rates	9,199	7,684
Staff costs (excluding committee members' remuneration)		
salaries and allowances	130,000	574,088
Sundry expenses	2,531	131
Travelling	-	13,830
Utilities	6,263	27,137
Warehouse expenses	20,444	5,885
	<u>366,202</u>	<u>756,394</u>
FINANCE COST		
Interest on bank overdraft	-	4
DEFICIT BEFORE TAX	<u>(53,772)</u>	<u>(420,416)</u>

