

Directors' Report
Audited Financial Statements
International Care Ministries Limited
31 May 2014

International Care Ministries Limited

Directors' report

The directors have pleasure in submitting their report and the audited financial statements for the year ended 31 May 2014.

Principal activity

The principal activity of the Company is to provide care for the poor and those in need in the Philippines through strategic programs and donations of cash and goods.

Results

The results of the Company for the year ended 31 May 2014 are set out in the statement of comprehensive income on page 5.

Reserves

Movements in the reserves of the Company during the year are set out in the statement of changes in fund on page 7.

Directors

The directors who held office during the year and up to the date of this report were:

David Kent Sutherland

Lily Ng

Jose Victor Zalamea

Malcolm Ross John Wood

Charles Brian Douglas Caldwell

Andrew Ostrognai

(appointed on 14 February 2014)

Harold Stuart Turner

(resigned on 14 February 2014)

In accordance with Articles 38 to 40 of the Company's Articles of Association, David Kent Sutherland and Charles Brian Douglas Caldwell will retire by rotation at the forthcoming annual general meeting, and being eligible, will offer themselves for re-election.

Directors' interests

No contracts of significance to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

Charitable donations

Charitable donations made by the Company during the year amounted to HK\$24,686,677.

Management contracts

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

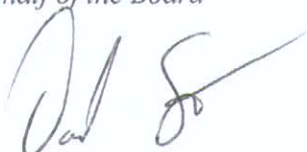
International Care Ministries Limited

Directors' report

Auditor

During the year, the auditor, Hoosang, Lyn, Li & Co. Ltd. resigned and Mazars CPA Limited, *Certified Public Accountants*, was appointed as auditor of the Company. A resolution will be submitted to the annual general meeting to re-appoint Mazars CPA Limited.

On behalf of the Board



David Kent Sutherland

Chairman

31 October 2014

Independent Auditor's Report

To the members of

International Care Ministries Limited

(incorporated in Hong Kong with liability limited by guarantee)

We have audited the accompanying financial statements of International Care Ministries Limited (the "Company") set out on pages 5 to 14, which comprise the Company's statement of financial position as at 31 May 2014, and the statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard ("HKFRS") for Private Entities issued by the Hong Kong Institute of Certified Public Accountants ("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.

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 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 the Hong Kong Standards on Auditing issued by the HKICPA. 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 judgement, 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 directors, 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.

Independent Auditor's Report

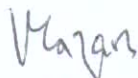
To the members of

International Care Ministries Limited

(incorporated in Hong Kong with liability limited by guarantee)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 May 2014 and of its deficit and cash flows for the year then ended in accordance with the HKFRS for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Certified Public Accountants
Hong Kong, 31 October 2014

Eunice Y M Kwok

Practising Certificate number: P04604

International Care Ministries Limited

Statement of Comprehensive Income

For year ended 31 May 2014

	<i>Note</i>	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Revenue	3	37,243,793	33,385,705
Cost of fund raising activities		<u>(1,958,803)</u>	<u>(1,777,524)</u>
Gross profit		35,284,990	31,608,181
Other income		193,710	55,282
Administrative and general expenses		(9,399,360)	(5,729,964)
Donations to ICMMI and ICMFI	5	(24,686,677)	(18,423,186)
Overseas Ministries		<u>(3,264,721)</u>	<u>(2,879,192)</u>
(Deficit) Surplus before tax	4	(1,872,058)	4,631,121
Income tax expense	6	<u>-</u>	<u>-</u>
(Deficit) Surplus for the year		(1,872,058)	4,631,121
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive (loss) income for the year		<u><u>(1,872,058)</u></u>	<u><u>4,631,121</u></u>

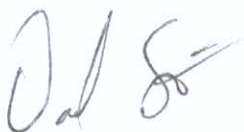
International Care Ministries Limited

Statement of Financial Position

At 31 May 2014

	<i>Note</i>	2014 HK\$	2013 HK\$
ASSETS			
Current assets			
Bank balances and cash		1,519,438	3,418,244
Deposits, prepayments and other receivables		61,753	193,224
		1,581,191	3,611,468
Non-current assets			
Property, plant and equipment	7	40,323	102,104
Total assets		1,621,514	3,713,572
LIABILITIES			
Current liabilities			
Other payables and accruals		31,350	21,350
Amount due to a director	8	100,000	330,000
Total liabilities		131,350	351,350
FUNDS			
Accumulated surplus		1,490,164	3,362,222
Total liabilities and funds		1,621,514	3,713,572

Approved and authorised for issue by the Board of Directors on 31 October 2014



Director



Director

International Care Ministries Limited

Statement of Changes in Fund

Year ended 31 May 2014

	<u>Accumulated surplus / deficit</u>	
	<u>2014</u>	<u>2013</u>
	<i>HK\$</i>	<i>HK\$</i>
At beginning of year	3,362,222	(1,268,899)
(Deficit) Surplus for the year and total comprehensive (loss) income for the year	<u>(1,872,058)</u>	<u>4,631,121</u>
At end of year	<u><u>1,490,164</u></u>	<u><u>3,362,222</u></u>

International Care Ministries Limited

Statement of Cash Flows

Year ended 31 May 2014

	2014 HK\$	2013 HK\$
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES		
(Deficit) Surplus for the year	(1,872,058)	4,631,121
Interest income	(57)	(37)
Depreciation	61,781	61,781
Changes in working capital:		
Decrease in deposits, prepayments and other receivables	131,471	23,829
Increase in other payable and accruals	10,000	50
Decrease in amount due to a director	(230,000)	(1,656,157)
Net cash (used in) from operations	(1,898,863)	3,060,587
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Interest received	57	37
Purchase of property, plant and equipment	-	(120,959)
Net cash from (used in) investing activities	57	(120,922)
Net (decrease) increase in cash and cash equivalents	(1,898,806)	2,939,665
Cash and cash equivalents at beginning of year	3,418,244	478,579
Cash and cash equivalents at end of year, represented by bank balances and cash	1,519,438	3,418,244

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2014

1. GENERAL INFORMATION

International Care Ministries Limited was incorporated in Hong Kong on 26 June 2002 as a company limited by guarantee and not having a share capital.

Every member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member, or within 1 year afterwards, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding \$100.

Its registered office and principal place of business is located at 20th, 21st and 23rd Floors, Siu On Building, 243-245 Des Voeux Road West, Sai Ying Pun, Hong Kong. The principal activity of the Company is to provide care for the poor and those in need in the Philippines, through strategic programs and donations of cash and goods.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2013 financial statements.

Revenue recognition

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

Donation income is recognised when it is received and receivable.

Interest income is recognised as it accrues using effective interest method.

Foreign currency translation

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the currency of Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2014

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the Company will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease.

The following annual rate is used for the depreciation of property, plant and equipment:

Furniture and equipment	33%
-------------------------	-----

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand.

Employee benefits

Short-term 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.

Defined contribution plans

The obligations for contributions to a defined contribution retirement scheme are recognised as an expense in surplus or deficit as incurred. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Impairment of assets

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2014

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

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

Related parties

For the purpose 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 Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. REVENUE

	2014 HK\$	2013 HK\$
Donation income	31,056,859	28,688,912
Fund raising activities	6,186,934	4,696,793
	<u>37,243,793</u>	<u>33,385,705</u>

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2014

4. (DEFICIT) SURPLUS BEFORE TAX

This is stated after charging (crediting):	2014 HK\$	2013 HK\$
(a) Other items		
Auditor's remuneration	40,380	10,000
Depreciation of property, plant and equipment	61,781	61,781
Exchange (gain) loss	(173,653)	25,802
Operating lease payments for premises	309,000	194,225
Staff costs comprising:		
Contributions to defined contribution retirement plan	133,826	52,328
Salaries, wages and other benefits	<u>6,435,183</u>	<u>4,358,930</u>

(b) Directors' emoluments

Directors' emoluments disclosed pursuant to the Hong Kong Companies Ordinance are as follows:

	2014 HK\$	2013 HK\$
Directors' emoluments:		
Fees	-	-
Other emoluments	<u>-</u>	<u>-</u>

5. DONATIONS TO ICMMI AND ICMFI

Donations of HK\$2,938,319 and HK\$21,748,358 (2013: HK\$3,973,455 and HK\$14,449,731) were paid to ICMManila, Inc. ("ICMMI") and International Care Ministries Foundation Inc. ("ICMFI") respectively during the year for provision of care for the poor and in need. Both ICMMI and ICMFI are non-stock and non-profit corporations and have been accredited in Philippines as agencies for assistance for individual in crisis situation and supplemental feeding. They are related companies of the Company with some common directors.

6. TAXATION

Hong Kong Profits Tax has not been provided as the Company, being a charitable organisation, is exempt from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2014

7. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment HK\$
Cost	
At 1 June 2013 and 31 May 2014	<u>185,347</u>
Accumulated depreciation	
At 1 June 2013	83,243
Depreciation	<u>61,781</u>
At 31 May 2014	<u>145,024</u>
Carrying amount	
At 31 May 2014	<u>40,323</u>

8. AMOUNT DUE TO A DIRECTOR

The amount due is unsecured, interest-free and has no fixed repayment term.

9. COMMITMENTS

Commitments under operating leases (as lessee)

The Company rents offices under operating lease. The lease is for an average period of two years, with fixed rentals over the same period.

At the end of reporting period, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

	2014 HK\$	2013 HK\$
Within one year	313,067	228,000
In the second to fifth years inclusive	<u>-</u>	<u>214,700</u>
	<u>313,067</u>	<u>442,700</u>

International Care Ministries Limited

Notes to the Financial Statements

Year ended 31 May 2014

10. RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the Company had the following transactions with related parties:

Related party relationship	Nature of transaction	2014 HK\$	2013 HK\$
Companies with common directors of the Company	Charitable donations	24,686,677	18,423,186
Companies with common director of the Company	Donation income	13,795,521	12,563,096
Key management personnel, excluding directors	Salaries and other benefits	<u>735,000</u>	<u>1,020,000</u>

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation for better presentation of the financial statements.

Management Information
International Care Ministries Limited
Year ended 31 May 2014

International Care Ministries Limited

Details of Income and Expenses

Year ended 31 May 2014

(For management information only)

	<i>Note</i>	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Revenue			
Donation income	<i>1</i>	<u>31,056,859</u>	<u>28,688,912</u>
Fund raising activities			
- Auction		3,313,692	3,179,245
- Banquet Australia		121,984	-
- Banquet HK		2,306,474	1,517,548
- US Fundraising		<u>444,784</u>	<u>-</u>
		6,186,934	4,696,793
Cost of fund raising activities	<i>2</i>	<u>(1,958,803)</u>	<u>(1,777,524)</u>
		<u>4,228,131</u>	<u>2,919,269</u>
Other income	<i>3</i>	<u>193,653</u>	<u>55,245</u>
Bank interest income		<u>57</u>	<u>37</u>
		<u>35,478,700</u>	<u>31,663,463</u>
Expenses			
Donations to ICMMI and ICMFI	<i>4</i>	24,686,677	18,423,186
Administrative and general expenses	<i>5</i>	9,399,360	5,729,964
Overseas Ministries	<i>7</i>	<u>3,264,721</u>	<u>2,879,192</u>
		<u>37,350,758</u>	<u>27,032,342</u>
(Deficit) Surplus for the year		<u>(1,872,058)</u>	<u>4,631,121</u>

International Care Ministries Limited

Details of Income and Expenses

Year ended 31 May 2014

(For management information only)

	2014 HK\$	2013 HK\$
1. DONATION INCOME		
i) General giving		
- General support	9,268,444	11,131,741
- Partnership	-	82,860
- Vision trip	1,118,061	1,199,970
- Bankers on detention sponsorship	1,177,864	378,517
- ICM 101 Funds	-	28,428
- Capacity building	-	490,036
	<u>11,564,369</u>	<u>13,311,552</u>
ii) Program		
- Transform	5,889,623	3,162,438
- Jumpstart	2,536,206	3,673,000
- MCO	144,399	1,635,231
- SMC	326,442	740,035
- Scholarship	214,623	369,112
- Red Rope	60,993	108,267
- Leadership Development	1,643,000	-
	<u>10,815,286</u>	<u>9,688,083</u>
iii) Project		
- Disaster relief	6,478,958	81,208
- Vehicle purchases	-	30,000
- Special project income	405,843	929,826
	<u>6,884,801</u>	<u>1,041,034</u>
iv) Others		
- Major gifts	-	3,909,211
- Stipend	-	222,607
- HK office and staff support	1,438,999	516,425
- Philippines Staff support	259,498	-
- Donation to Bohol	60,632	-
- Others	42,274	-
	<u>1,801,403</u>	<u>4,648,243</u>
	<u>31,056,859</u>	<u>28,688,912</u>

International Care Ministries Limited

Details of Income and Expenses

Year ended 31 May 2014

(For management information only)

	2014 HK\$	2013 HK\$
2. COST OF FUND RAISING ACTIVITIES		
Banquet expenses	1,197,666	1,363,468
Hotel for guest	-	15,513
Travelling	319,263	264,899
Printing and postage	23,988	24,197
Media, advertising and marketing	174,700	-
Miscellaneous	243,186	109,447
	<u>1,958,803</u>	<u>1,777,524</u>
3. OTHER INCOME		
Sale of handcraft	-	200
Donation income for children camp	-	43,089
Exchange gain	173,653	-
Miscellaneous income	-	125
Other donation	20,000	11,831
	<u>193,653</u>	<u>55,245</u>
4. DONATIONS TO ICMMI and ICMFI		
For the purposes of:		
- Program expenses	21,748,359	14,449,731
- Manila office	2,938,318	3,973,455
	<u>24,686,677</u>	<u>18,423,186</u>

International Care Ministries Limited

Details of Income and Expenses

Year ended 31 May 2014

(For management information only)

	2014	2013
	HK\$	HK\$
5. ADMINISTRATIVE AND GENERAL EXPENSES		
Audit fee	40,380	10,000
Bank charges	91,753	410,758
Broadband and telephone	67,148	12,907
Contribution	-	32,859
Consultancy fee	1,459,623	348,524
Electricity	20,036	13,543
Employee benefits	137,986	-
Exchange loss	-	25,802
Insurance	81,076	83,096
MPF	133,826	52,328
Rent	344,702	194,801
Repairs and maintenance	117,948	53,639
Salaries	4,441,574	2,434,627
Staff training	40,811	57,927
Sundry expenses (Note 6)	321,687	223,155
Travelling (Note 8)	1,781,906	1,239,335
Outsource service fee	257,123	436,366
Other	-	38,516
Depreciation	61,781	61,781
	9,399,360	5,729,964
6. SUNDRY EXPENSES		
	2014	2013
	HK\$	HK\$
Computer and software and accessories	72,640	41,813
Minor equipments	-	8,391
Miscellaneous	41,506	23,770
Postage, freight and delivery	45,584	7,999
Printing and reproduction expenses	115,642	114,514
Sundry supplies	46,315	26,668
	321,687	223,155

International Care Ministries Limited

Details of Income and Expenses

Year ended 31 May 2014

(For management information only)

	2014 HK\$	2013 HK\$
7. OVERSEAS MINISTRIES		
Direct benefits to the Overseas Ministries		
- Freight and delivery	906,931	658,137
- Missioner expenses	212,000	131,951
- Salaries – Stipend allowances	1,855,623	1,924,303
- Other missionary benefits	166,594	-
- Miscellaneous	123,573	164,801
	<u>3,264,721</u>	<u>2,879,192</u>
8. TRAVELLING		
Travelling incurred for the following events		
- Programme improvements	18,162	42,443
- Vision trips	756,903	337,566
- Other trips	1,006,841	859,326
	<u>1,781,906</u>	<u>1,239,335</u>