

**LIBRARY PROJECT LIMITED  
(LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31ST DECEMBER 2017**

**LIBRARY PROJECT LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE DIRECTORS**

The directors submit their report together with the audited financial statements for the year ended 31st December 2017.

**PRINCIPAL ACTIVITY**

The company operates as a non-profit making organisation and its principal activity is to collect public offerings in order to donate books to the children in impoverished regions.

**RESULTS**

The results of the company for the year ended 31st December 2017 are set out in the statement of comprehensive income on page 6 of the financial statements.

Income for the financial year ended 31st December 2017 is from general donations.

Expenses for the financial year ended 31st December 2017 including some staff costs, administrative and operating expenses, auditors' remuneration, bank charges, company secretarial fee and insurance.

This led to an operating deficit of US\$477 for the financial year ended 31st December 2017.

**DIRECTORS**

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

Thomas STADER  
NG Pun Lam, Jacqueline

In accordance with Article 37 of the company's Articles of Association, all directors retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

**DIRECTORS' INTERESTS**

No contracts of significance in relation to the company's operation 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 admission of membership in the company or any other body corporate.

## PERMITTED INDEMNITY PROVISION

At any time during the year and up to the date of this report, there is no permitted indemnity provision in force for the benefit of any of the directors of the Company.

## MANAGEMENT CONTRACTS

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

## BUSINESS REVIEW

The company qualifies for reporting exemption as a small private company under Section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622), therefore it is exempted from including a business review in this report.

## AUDITORS

The financial statements have been audited by Vincent Kwok & Co. who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Thomas STADER  
Chairman

HONG KONG, 2nd November 2018



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INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
LIBRARY PROJECT LIMITED  
(incorporated in Hong Kong with limited by guarantee)

**Opinion**

We have audited the financial statements of Library Project Limited set out on pages 6 to 12, which comprise the statement of financial position as at 31st December 2017, and the statement of comprehensive income, the statement of changes in equity and the 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 31st December 2017, 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 ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' 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.

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **Other Information (cont'd)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors are responsible for the preparation of 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.

## **Auditors' 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 auditors' 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 HKSAAs 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.

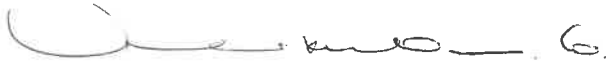
As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

### **Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Vincent Kwok & Co.

Certified Public Accountants

HONG KONG, 2nd November 2018

LIBRARY PROJECT LIMITED  
(LIMITED BY GUARANTEE)

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2017

	Note	2017 US\$	2016 US\$
INCOME	4	24,723	29,455
		<u>                    </u>	<u>                    </u>
STAFF COSTS		(16,532)	(39,056)
ADMINISTRATIVE AND			
OTHER OPERATING EXPENSES		(8,668)	(6,390)
		<u>                    </u>	<u>                    </u>
		(25,200)	(45,446)
		<u>                    </u>	<u>                    </u>
DEFICIT FOR THE YEAR	5	(477)	(15,991)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
		<u>                    </u>	<u>                    </u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(477)	(15,991)
		<u>                    </u>	<u>                    </u>
		<u>                    </u>	<u>                    </u>

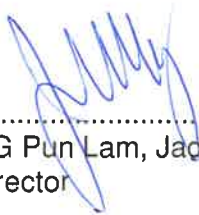
LIBRARY PROJECT LIMITED  
(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER 2017

	Note	2017 US\$	2016 US\$
<b>CURRENT ASSETS</b>			
Cash and bank balances		1,737	2,058
Deposit paid		194	-
Amounts due from related companies	8	26,475	26,735
		-----	-----
		28,406	28,793
		-----	-----
<b>CURRENT LIABILITY</b>			
Accrual		942	852
		-----	-----
<b>NET CURRENT ASSETS</b>		27,464	27,941
		=====	=====
Represented by:			
<b>RETAINED SURPLUS</b>		27,464	27,941
		=====	=====



.....  
Thomas STADER  
Director



.....  
NG Pun Lam, Jacqueline  
Director



LIBRARY PROJECT LIMITED  
(LIMITED BY GUARANTEE)

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2017

	Retained surplus US\$
At 1st January 2016	43,932
Total comprehensive expense for the year	(15,991)
At 31st December 2016	<u>27,941</u>
Total comprehensive expense for the year	(477)
At 31st December 2017	<u><u>27,464</u></u>

LIBRARY PROJECT LIMITED  
(LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER 2017

	2017 US\$	2016 US\$
Deficit for the year and before working capital changes	(477)	(15,991)
Increase in deposit paid	(194)	-
Decrease in amounts due from related companies	260	11,686
Increase in accrual	90	1
	-----	-----
DECREASE IN CASH AND BANK BALANCES	(321)	(4,304)
CASH AND BANK BALANCES AT 1ST JANUARY 2017/ 2016	2,058	6,362
	-----	-----
CASH AND BANK BALANCES AT 31ST DECEMBER 2017/ 2016	1,737	2,058
	=====	=====

LIBRARY PROJECT LIMITED  
(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL

Library Project Limited is a non-profit making company incorporated in Hong Kong limited by guarantee and not having share capital. The company's registered office is located at 6/F., Unit 1, Cheung Hing Industrial Building, 12P Smithfield Road, Kennedy Town, Hong Kong.

The company operates as a non-profit making organisation and its principal activity is to collect public offerings in order to donate books to the children in impoverished regions.

2 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

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"), Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong.

(b) Revenue recognition

Donations in cash for general purposes are recognised when the rights to receive payments have been established. Donations designed for specific purposes are deferred and recognised in profit or loss over the year necessary to match with the costs they are intended to compensate.

(c) Related parties

A party is considered to be related if the company and/ or the party are subjected to common control or significant influence. Related parties may be individuals or other entities.

(d) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the statement of financial position date. Exchange differences arising in these cases are dealt with in the statement of comprehensive income.

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### 4 INCOME

The company operates as a non-profit making organisation and its principal activity is to collect public offerings in order to donate books to the children in impoverished regions. Income recognised during the year are as follows:

	2017 US\$	2016 US\$
Income		
Donations income	24,722	29,290
Exchange gain	-	133
Bank interest income	1	2
Sundry income	-	30
	-----	-----
	24,723	29,455
	=====	=====

### 5 DEFICIT FOR THE YEAR

	2017 US\$	2016 US\$
Deficit for the year is stated after charging the following:		
Auditors' remuneration	903	852
Staff costs		
Salaries and allowances	16,532	39,056
	=====	=====

### 6 TAXATION

The company is temporary suspended from the Hong Kong Inland Revenue Department the entitlement to exempt profits tax under Section 88 of the Inland Revenue Ordinance due to non fulfillment of the provision of certain information to be given to the authority earlier. However, the company has subsequently submitted all the required information and applied to reinstate the tax exemption status from the Inland Revenue Department. Because of the captioned application for reinstatement is still in progress, the directors determine not to provide any Hong Kong profits tax for the year before the decision from the Inland Revenue Department.

7 DIRECTORS' EMOLUMENTS

The directors received no fees or other emoluments for their services rendered to the company during the year (2016: Nil).

8 AMOUNTS DUE FROM RELATED COMPANIES

Disclosures pursuant to Section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) are as follows:

Name of company	Connected person/ director	2017 US\$	2016 US\$	Maximum amount outstanding during the year US\$
The Library Project, Inc.	Thomas STADER	20,004	20,264	20,264
The Library Project	Thomas STADER	6,471	6,471	6,471
		----- 26,475 =====	----- 26,735 =====	

The amounts due from related companies are unsecured, interest free and repayable on demand.

9 STATUS OF COMPANY

The company is a non-profit making incorporated company which is limited by guarantee and not having a share capital. In the event of this company being wound up, any person being a member or within one year thereafter, should be required to contribute to the deficit of the company for a sum not exceeding Hong Kong one hundred dollars.

10 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 2nd November 2018.

LIBRARY PROJECT LIMITED

DETAILED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2017

This statement does not  
form part of the Audited Financial Statements

The detailed statement of comprehensive income relating to the year ended 31st December 2017 included in the audited financial statements is not the company's statutory annual financial statements for that year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the company is a limited by guarantee company, the company is required to deliver its financial statements to the Registrar of Companies, and has done so.

The company's auditors have reported on those financial statements. The auditors' report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

LIBRARY PROJECT LIMITED  
(LIMITED BY GUARANTEE)

DETAILED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2017

(For management purposes only)

	2017 US\$	2016 US\$
Income		
Donations income	24,722	29,290
Bank interest income	1	2
Exchange gain	-	133
Sundry income	-	30
	<u>24,723</u>	<u>29,455</u>
Expenses		
Staff costs		
Salaries and allowances	16,532	39,056
Administrative and other operating expenses		
Auditors' remuneration	903	852
Bank charges	272	525
Business registration fee	-	272
Company secretarial fee	699	233
Exchange loss	14	-
Insurance	2,659	4,508
Rental expenses	3,930	-
Sundries	191	-
	<u>25,200</u>	<u>45,446</u>
Deficit for the year	<u>(477)</u>	<u>(15,991)</u>