



Medecins Sans Frontieres (HK)
Limited

無國界醫生組織(香港)有限公司

31 December 2010

Report of the directors

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2010.

Principal place of business

Medecins Sans Frontieres (HK) Limited (“the organisation”) is an organisation incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 22/F, Pacific Plaza, 410 - 418 Des Voeux Road West, Western District, Hong Kong.

Principal activities

The objectives of the organisation are to relieve and promote the relief of sickness, to provide medical aid to the injured, and to protect and preserve good health in all parts of the world.

The principal activities of the organisation are fund-raising and recruiting medical and non-medical personnel for humanitarian relief purposes.

Financial statements

The result of the organisation for the year ended 31 December 2010 and the state of the organisation’s affairs as at that date are set out in the financial statements on pages 5 to 19.

International aid and relief

During the year, HK\$194,707,332 (2009: HK\$147,438,139) was transferred to other Medecins Sans Frontieres offices for the facilitation of international medical aid and relief.

Fixed assets

Details of movements in fixed assets are set out in note 11 to the financial statements.

Directors

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

LEE Kar Man

NICOLAI Meintje Trijntje

CHAN Shut Wah

WILSON David

(resigned on 28 August 2010)

(resigned on 28 August 2010)

Directors (continued)

The directors who held office during the year and up to the date of this report were as follows: (continued)

MACKINTOSH Kate

FAN Ning

KO Wing Yin Albert

(resigned on 28 August 2010)

CHAU Yau Ming

(resigned on 28 August 2010)

PAN Yuan

(resigned on 28 August 2010)

CHAN Nga Yu

LEE Soo Fern

CAUSING Morpheus Salarda

HU Yuan Qiong

(appointed on 28 August 2010)

LI Wilson

(appointed on 28 August 2010)

WONG Kit Sum

(appointed on 28 August 2010)

PIEDAGNEL Jean-Michel

(appointed on 29 August 2010)

DE FILIPPI Loris

(appointed on 27 September 2010)

In accordance with article 49 of the organisation's articles of association, all remaining directors retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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

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

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the organisation is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Director

Hong Kong, 10 AUG 2011

Independent auditor's report to the members of Medecins Sans Frontieres (HK) Limited *(Incorporated in Hong Kong with limited liability)*

We have audited the financial statements of Medecins Sans Frontieres (HK) Limited ("the organisation") set out on pages 5 to 19, which comprise the balance sheet as at 31 December 2010, the statement of comprehensive income and cash flow statement 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 organisation are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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. This report is made 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 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 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 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
Medecins Sans Frontieres (HK) Limited (continued)
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the organisation's affairs as at 31 December 2010 and of its result 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.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

11 0 AUG 2011

Statement of comprehensive income for the year ended 31 December 2010

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2010</i> \$	<i>2009</i> \$
Public donations	2	223,629,450	172,905,258
Other income	3	<u>2,510,425</u>	<u>2,531,524</u>
		<u>226,139,875</u>	<u>175,436,782</u>
Less: Expenditures			
Emergency and medical programmes	5	175,903,473	131,415,825
Programme support and development	6	19,069,025	15,900,841
Advocacy		5,334,112	4,009,374
Other humanitarian activities	7	1,557,835	1,646,524
Management, general and administration	8	6,227,461	5,229,109
Fundraising		<u>18,047,969</u>	<u>17,235,109</u>
		<u>226,139,875</u>	<u>175,436,782</u>
Designated surplus and total comprehensive income for the year	4	<u>-</u>	<u>-</u>

The notes on pages 9 to 19 form part of these financial statements.

Balance sheet at 31 December 2010

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2010</i> \$	<i>2009</i> \$
Non-current assets			
Fixed assets	11	333,556	749,108
		-----	-----
Current assets			
Debtors	12	60,178	25,679
Deposits and prepayments	12	702,925	589,847
Amount due from office in Belgium	13	795,325	474,226
Amount due from office in Spain	13	228,451	91,480
Amount due from office in Holland	13	206,854	141,216
Amount due from office in France	13	184,292	215,429
Amount due from office in Norway	13	15,724	-
Amount due from office in Japan	13	3,596	-
Amount due from office in Switzerland	13	-	81,469
Amount due from office in South Africa	13	-	9,492
Cash and cash equivalents		8,052,875	11,040,733
		-----	-----
		10,250,220	12,669,571
		-----	-----
Current liabilities			
Creditors and accrued expenses	14	2,012,031	1,202,301
Amount due to office in Belgium	13	8,316,350	11,634,925
Amount due to MSF International office	13	128,252	-
Amount due to MSF Access Campaign	13	126,497	-
Amount due to office in Switzerland	13	646	560,203
Amount due to office in France	13	-	21,250
		-----	-----
		10,583,776	13,418,679
		-----	-----
Net current liabilities		(333,556)	(749,108)
		-----	-----
Net assets		-	-
		=====	=====

Balance sheet at 31 December 2010 (continued)

(Expressed in Hong Kong dollars)

	Note	2010 \$	2009 \$
Represented by:			
Fund balances			
Accumulated funds		-	-

Approved and authorised for issue by the board of directors on 10 AUG 2011




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) Directors
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The notes on pages 9 to 19 form part of these financial statements.

Cash flow statement for the year ended 31 December 2010 (Expressed in Hong Kong dollars)

	Note	2010 \$	2009 \$
Operating activities			
Designated surplus for the year		-	-
Adjustments for:			
Interest income		(1,791)	(10,624)
Depreciation	11	613,616	585,413
Operating surplus before changes in working capital		611,825	574,789
(Increase)/decrease in debtors		(34,499)	27,757
Increase in deposits and prepayments		(113,078)	(304,127)
Increase/(decrease) in creditors and accrued expenses		809,730	(339,377)
Decrease in net amounts due to MSF offices		(4,065,563)	(11,822,896)
Net cash used in operating activities		(2,791,585)	(11,863,854)
Investing activities			
Payment for the purchase of fixed assets	11	(198,064)	(120,766)
Interest received		1,791	10,624
Net cash used in investing activities		(196,273)	(110,142)
Net decrease in cash and cash equivalents		(2,987,858)	(11,973,996)
Cash and cash equivalents at 1 January		11,040,733	23,014,729
Cash and cash equivalents at 31 December		8,052,875	11,040,733

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

The notes on pages 9 to 19 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 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 organisation is set out below.

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the organisation. However, none of the developments are relevant to the organisation’s financial statements.

The organisation has not applied any new standard or Interpretation that is not yet effective for the current accounting period (see note 18).

(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 judgements, 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 judgements 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.

(c) Statement of changes in accumulated funds

There has been no change in accumulated funds for the current and prior years. Accordingly, no statement of changes in accumulated funds has been prepared.

1 Significant accounting policies (continued)

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Leasehold improvements	Over the remaining lease term
– Furniture and fixtures	5 years
– Office equipment	5 years
– Computer equipment	3 ¹ / ₃ years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised in surplus or deficit 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 cost 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 assets. 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 fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in surplus or deficit on the date of retirement or disposal.

(e) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the organisation determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the organisation

Assets that are held by the organisation under leases which transfer to the organisation substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the organisation are classified as operating leases.

1 Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease charges

Where the organisation has the use of assets held under operating leases, payments made under the leases are charged to surplus or deficit in equal instalments 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 recognised in surplus or deficit as an integral part of the aggregate net lease payments made.

(f) Receivables (including amounts due from other Medecins Sans Frontieres offices)

Receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the organisation about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

(g) Creditors (including amounts due to other Medecins Sans Frontieres offices)

Creditors are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(h) 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 into 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.

1 Significant accounting policies (continued)

(i) Employee benefits

Salaries, 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.

(j) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the organisation has a 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 time value of money is material, provisions are stated at the present value of the expenditure 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.

(k) Revenue recognition

(i) Donation income

Donation income represents cash received from various fund raising projects and is recognised upon receipt.

(ii) Interest income

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

(l) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in surplus or deficit.

1 Significant accounting policies (continued)

(m) Related parties

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

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the organisation or exercise significant influence over the organisation in making financial and operating policy decisions, or has joint control over the organisation;
- (ii) the organisation and the party are subject to common control;
- (iii) the party is a member of key management personnel of the organisation, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (iv) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (v) the party is a post-employment benefit plan which is for the benefit of employees of the organisation or of any entity that is a related party of the organisation.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2 Public donations

Public donations represent general donations received from public, which are recognised as income upon receipt.

3 Other income

	<i>2010</i>	<i>2009</i>
	\$	\$
Associate membership fee	6,900	4,900
Bank interest income	1,791	10,624
Book sales	1,234	-
Sponsorship for MSF Orienteering Competition	-	15,000
Sponsorship for office stationery	-	1,000
Sponsorship for staff salary	500	-
Sponsorship for Hong Kong office overhead	2,500,000	2,500,000
	<u>2,510,425</u>	<u>2,531,524</u>

4 Designated surplus for the year

Designated surplus for the year is arrived at after charging:

	2010	2009
	\$	\$
Salaries, wages and other benefits (including contributions to defined contribution retirement plan of \$272,349 (2009: \$310,404))	10,255,801	9,026,340
Depreciation	613,616	585,413
Operating lease charges for property rentals	<u>809,017</u>	<u>688,833</u>

5 Emergency and medical programmes

The organisation has transferred the following amounts to aid emergency and medical programmes co-ordinated by other Medecins Sans Frontieres offices:

<i>Locations of projects</i>	2010	2009
	\$	\$
Afghanistan	3,954,393	2,968,993
Bangladesh	4,742,008	2,546,553
Belgium	19,045	279,777
Brazil	298,153	1,588,904
Burkina Faso	24,845	1,296,021
Burundi	2,662,207	1,327,002
Cambodia	-	765,261
Central African Republic	-	1,903,027
Chad	2,915,001	4,032,069
Chile	54,193	-
China	200,000	1,001,018
Colombia	4,395,127	5,015,725
Cote d'Ivoire	1,091,230	260,639
Democratic Republic of Congo	12,418,979	7,635,557
Egypt	998,765	147,531
Ethiopia	2,540,508	2,049,488
Guinea	2,150,340	2,858,387
Haiti	25,410,766	6,672,367
India	9,730,306	5,456,200
Indonesia	151,146	4,616,923
Iraq	4,190,595	2,725,979
Italy	570,393	1,792,742

5 Emergency and medical programmes (continued)

<i>Locations of projects</i>	<i>2010</i>	<i>2009</i>
	\$	\$
Jordan	-	994,655
Kenya	3,307,369	3,245,199
Kyrgyzstan	581,937	-
Lebanon	-	73,459
Liberia	1,369,369	1,796,993
Madagascar	-	13,558
Malawi	4,038,563	2,742,104
Mali	1,486,091	2,159,411
Malta	519,698	-
Mozambique	4,781,573	2,696,820
Myanmar (Burma)	6,996,004	6,542,349
Namibia	-	22,439
Nepal	-	2,180,783
Niger	5,505,180	4,459,099
Nigeria	3,498,002	3,816,370
Pakistan	5,536,395	2,499,380
Palestinian Territories	-	21,250
Papua New Guinea	1,749,000	-
Philippines	-	1,782,329
General project funding	18,141,260	8,445,152
Russia	4,664,002	5,218,057
Sierra Leone	3,570,605	1,606,753
Somalia	1,727,094	1,779,816
South Africa	2,760,853	3,723,723
Sri Lanka	4,275,336	3,425,940
Sudan	9,349,794	7,964,462
Thailand	1,009,199	867,417
Ukraine	221,989	197,108
Uzbekistan	2,915,001	3,996,930
Vietnam	-	8,363
Yemen	-	6,554
Zimbabwe	8,143,081	898,161
Other projects:		
– MSF International Fund	1,238,078	1,291,028
	<u>175,903,473</u>	<u>131,415,825</u>

6 Programme support and development

Included in expenditures for programme support and development is an amount of \$15,540,483 (2009: \$12,732,901) transferred to Operational Section Brussels to aid indirect operational costs.

7 Other humanitarian activities

The organisation has transferred the following amounts to aid other humanitarian activities co-ordinated by other Medecins Sans Frontieres offices:

<i>Name of projects</i>	<i>2010</i> \$	<i>2009</i> \$
DNDi	809,439	836,517
Access Campaign	748,396	810,007
	<u>1,557,835</u>	<u>1,646,524</u>

8 Management, general and administration

Included in expenditures for management, general and administration is an amount of \$1,705,541 (2009: \$1,642,889) transferred to MSF International Office for management, general and administration expenditure purposes.

9 Directors' remuneration

No director received, or will receive, any fees or emoluments (2009: \$Nil) in respect of services to the organisation during the year.

10 Taxation

No provision has been made in the financial statements for Hong Kong taxation as the organisation is an approved charitable organisation and is exempted from tax under section 88 of the Inland Revenue Ordinance.

11 Fixed assets

	<i>Leasehold improvements</i> \$	<i>Furniture and fixtures</i> \$	<i>Office equipment</i> \$	<i>Computer equipment</i> \$	<i>Total</i> \$
Cost:					
At 1 January 2009	1,235,915	312,266	367,382	881,493	2,797,056
Additions	-	-	-	120,766	120,766
Disposals	-	-	-	(34,748)	(34,748)
At 31 December 2009	<u>1,235,915</u>	<u>312,266</u>	<u>367,382</u>	<u>967,511</u>	<u>2,883,074</u>
Accumulated depreciation:					
At 1 January 2009	735,390	171,778	170,680	505,453	1,583,301
Charge for the year	247,182	57,651	69,417	211,163	585,413
Written back on disposals	-	-	-	(34,748)	(34,748)
At 31 December 2009	<u>982,572</u>	<u>229,429</u>	<u>240,097</u>	<u>681,868</u>	<u>2,133,966</u>
Net book value:					
At 31 December 2009	<u>253,343</u>	<u>82,837</u>	<u>127,285</u>	<u>285,643</u>	<u>749,108</u>
	<i>Leasehold improvements</i> \$	<i>Furniture and fixtures</i> \$	<i>Office equipment</i> \$	<i>Computer equipment</i> \$	<i>Total</i> \$
Cost:					
At 1 January 2010	1,235,915	312,266	367,382	967,511	2,883,074
Additions	-	-	28,680	169,384	198,064
Disposals	-	-	-	(50,848)	(50,848)
At 31 December 2010	<u>1,235,915</u>	<u>312,266</u>	<u>396,062</u>	<u>1,086,047</u>	<u>3,030,290</u>
Accumulated depreciation:					
At 1 January 2010	982,572	229,429	240,097	681,868	2,133,966
Charge for the year	247,182	57,651	70,947	237,836	613,616
Written back on disposals	-	-	-	(50,848)	(50,848)
At 31 December 2010	<u>1,229,754</u>	<u>287,080</u>	<u>311,044</u>	<u>868,856</u>	<u>2,696,734</u>
Net book value:					
At 31 December 2010	<u>6,161</u>	<u>25,186</u>	<u>85,018</u>	<u>217,191</u>	<u>333,556</u>

12 Debtors, deposits and prepayments

Included in deposits and prepayments is deposits of \$568,259 (2009: \$494,577) which is expected to be recovered after one year. All of the other debtors, deposits and prepayments are expected to be recovered or recognised as expense within one year.

13 Amounts due from/(to) other Medecins Sans Frontieres offices

The amounts due from/(to) other Medecins Sans Frontieres offices are unsecured, interest-free and repayable on demand.

14 Creditors and accrued expenses

Apart from accrual for long service payment of \$314,460 (2009: \$343,907) which is not expected to be settled within one year, all other creditors and accrued expenses are expected to be settled within one year.

15 Financial risk management and fair values

Exposure to credit and liquidity risks arises in the normal course of the organisation's activities. The organisation's exposure to these risks and the financial risk management policies and practices used by the organisation to manage these risks are described below:

(a) Credit risk

The organisation's credit risk is primarily attributable to amounts due from other Medecins Sans Frontieres offices and cash at bank. Management manages this risk as follows:

Amounts due from other Medecins Sans Frontieres offices are current in nature and repayable on demand. Any credit risk associated with these balances is expected to be low.

The organisation's cash at bank are placed with major financial institutions with sound credit ratings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The organisation does not provide any guarantees which would expose the organisation to credit risk.

(b) Liquidity risk

The organisation's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

15 Financial risk management and fair values (continued)

(c) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2010 and 2009.

16 Members' liability

The organisation is not authorised to issue share capital and is limited by guarantee. The liability of members is limited, in the event of the organisation being wound up, to \$100 per member.

17 Operating lease commitments

At 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2010 \$	2009 \$
Within one year	858,260	752,356
After one year but within five years	305,627	430,782
	<u>1,163,887</u>	<u>1,183,138</u>

The organisation is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to five years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

18 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2010

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and Interpretations and one new standard which are not yet effective for the year ended 31 December 2010 and which have not been adopted in these financial statements.

The organisation is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the organisation's results of operations and financial position.