

**Ten Percent Donation Scheme Foundation**  
**十分關愛基金會**

**Reports and Financial Statements**

**For the year ended 31 March 2018**



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# Directors' Report

## For the year ended 31 March 2018

The directors present their annual report and the audited financial statements of Ten Percent Donation Scheme Foundation 十分關愛基金會 (the "Company") for the year ended 31 March 2018.

### PRINCIPAL ACTIVITY

The Company is a charitable organisation in Hong Kong and is engaged in charity to the general public.

### RESULTS

The surplus of the Company for the year ended 31 March 2018 are set out in the statement of income and expenditure and other comprehensive income on page 6.

### CHARITABLE DONATIONS

The Company made charitable donations amounting to HK\$3,573,590 during the year ended 31 March 2018.

### DIRECTORS

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

So Kwok Hoo  
Chan Ying Leung  
So Chi Ming  
Sun Kwok Wah Peter  
Cheung Leung Hong  
Wong Hin Shek  
Chong Tin Lung Benny  
Tsoi Man Po  
So Tat Man David

In accordance with Article 46 of the Company's Articles of Association, one third of the existing directors retire from office and, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company was a party and in which the directors 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.

### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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.



## Directors' Report - Continued For the year ended 31 March 2018

### **AUDITOR**

The financial statements of the Company for the year ended 31 March 2018 have been audited by Asian Alliance (HK) CPA Limited ("Asian Alliance").

Asian Alliance will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for the re-appointment of Asian Alliance as auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board



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**So Chi Ming**  
**Director**

Hong Kong  
23 July 2018





## Independent Auditor's Report

**TO THE MEMBERS OF  
TEN PERCENT DONATION SCHEME FOUNDATION**

十分關愛基金會

(incorporated in Hong Kong with limited liability by guarantee)

### OPINION

We have audited the financial statements of Ten Percent Donation Scheme Foundation (the "Company") set out on pages 6 to 20, which comprise the statement of financial position as at 31 March 2018, and the statement of income and expenditure and other comprehensive income, the statement of changes in reserve 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 31 March 2018, 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 OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### OTHER INFORMATION

The directors of the Company 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 auditor's 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.

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.



## Independent Auditor's Report - Continued

### RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the 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.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 judgement 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.
- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



## Independent Auditor's Report - Continued

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS** **- Continued**

- 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 the board of directors 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.

*Asian Alliance (HK) CPA Limited*  
**Asian Alliance (HK) CPA Limited**  
*Certified Public Accountants (Practising)*  
**Chan Mei Mei**  
Practising Certificate Number: P05256

Hong Kong  
23 July 2018



# Statement of Income and Expenditure and Other Comprehensive Income For the year ended 31 March 2018

	Notes	2018 HK\$	2017 HK\$
<b>Income</b>			
Donation income	7	7,710,046	7,401,922
Other operating income	8	97	122
		<b>7,710,143</b>	<b>7,402,044</b>
<b>Expenditure</b>			
Donations made		(3,573,590)	(3,348,785)
Functions expenses		(2,060,099)	(2,303,611)
Administrative expenses		(583,273)	(467,393)
		<b>(6,216,962)</b>	<b>(6,119,789)</b>
<b>Surplus for the year</b>	9	<b>1,493,181</b>	<b>1,282,255</b>
Income tax expense	10	-	-
<b>Surplus and total comprehensive income for the year</b>		<b>1,493,181</b>	<b>1,282,255</b>





# Statement of Financial Position At 31 March 2018

	Note	2018 HK\$	2017 HK\$
<b>CURRENT ASSETS</b>			
Other receivables, deposit and prepayments		273,629	747,983
Bank balances and cash	11	5,920,879	3,975,744
		<b>6,194,508</b>	<b>4,723,727</b>
<b>CURRENT LIABILITY</b>			
Accruals		5,000	27,400
<b>NET ASSETS</b>		<b>6,189,508</b>	<b>4,696,327</b>
<b>RESERVE</b>			
Accumulated surplus		<b>6,189,508</b>	<b>4,696,327</b>

The financial statements on pages 6 to 20 were approved and authorised for issue by the Board of Directors on 23 July 2018 and are signed on its behalf by:

  
\_\_\_\_\_  
So Kwok Hoo  
Director

  
\_\_\_\_\_  
So Chi Ming  
Director



## Statement of Changes in Reserve For the year ended 31 March 2018

	Accumulated surplus HK\$
At 1 April 2016	3,414,072
Surplus for the year	1,282,255
At 31 March 2017 and 1 April 2017	4,696,327
Surplus for the year	1,493,181
<b>At 31 March 2018</b>	<b>6,189,508</b>



# Statement of Cash Flows

## For the year ended 31 March 2018

	2018 HK\$	2017 HK\$
<b>OPERATING ACTIVITIES</b>		
Surplus for the year	1,493,181	1,282,255
Adjustment for:		
Interest income	(97)	(122)
<b>Operating cash flows before movements in working capital</b>	<b>1,493,084</b>	<b>1,282,133</b>
Decrease (increase) in other receivables, deposit and prepayments	474,354	(627,774)
Decrease in accruals	(22,400)	(35,949)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,945,038</b>	<b>618,410</b>
<b>NET CASH FROM INVESTING ACTIVITY</b>		
Interest received	97	122
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,945,135</b>	<b>618,532</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>3,975,744</b>	<b>3,357,212</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash</b>	<b>5,920,879</b>	<b>3,975,744</b>



# Notes to the Financial Statements

## For the year ended 31 March 2018

### 1. GENERAL

Ten Percent Donation Scheme Foundation 十分關愛基金會 (the "Company") is a company incorporated in Hong Kong and limited by guarantee.

The Company is a charitable organisation in Hong Kong and is engaged in charity to the general public.

The registered office and principal place of business of the Company is located at Level 8, 88 Gloucester Road, Wanchai, Hong Kong.

The financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

#### Amendments to HKFRSs that are mandatorily effective for the current year

The Company has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to Hong Kong Accounting Standard ("HKAS") 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Company's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

#### New and revised HKFRSs in issued but not yet effective

The Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
HK(IFRIC)-Interpretation ("Int") 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual improvement on HKFRSs 2015-2017 Cycle <sup>2</sup>





# Notes to the Financial Statements

## For the year ended 31 March 2018

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

#### New and revised HKFRSs in issued but not yet effective - continued

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.
- <sup>3</sup> Effective for annual periods beginning on or after a date to be determined.
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs and interpretations mentioned below, the directors of the Company (the "Directors") anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the financial statements in the foreseeable future.

#### *HKFRS 9 Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Company are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods; and
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Company's financial instruments and risk management policies as at 31 March 2018, the Directors anticipate the following potential impact on initial application of HKFRS 9:

#### *Classification and measurement*

- All financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

#### *Impairment*

In general, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Company's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Company.

The Directors do not anticipate that the adoption of expected credit loss model will have a material impact on the Company's financial statements.



# Notes to the Financial Statements

## For the year ended 31 March 2018

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

#### New and revised HKFRSs in issued but not yet effective - continued

##### *HKFRS 16 Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Company currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Company.

Under HKAS 17, the Company has already recognised an asset and a related finance lease liability for finance lease arrangement where the Company is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Company presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosure are required by HKFRS 16.

As at 31 March 2018, the Company has non-cancellable operating lease commitments of HK\$1,980 as disclosed in Note 12. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Company is not required to recognise a right-of-use asset and a corresponding liability in respect of all these leases as they are qualify for low value or short-term leases.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.



# Notes to the Financial Statements

## For the year ended 31 March 2018

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance (the "CO").

The financial statements have been prepared on the historical costs basis at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

#### **Revenue recognition**

Donation income is recognised when the right to receive payment is established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### **Leasing**

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

##### The Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **Employee benefits**

##### Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered services entitling them to the contributions.

##### Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.



# Notes to the Financial Statements

## For the year ended 31 March 2018

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Employee benefits - continued

##### *Short-term and other long-term employee benefits - continued*

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

#### Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

##### Financial assets

Financial assets are mainly loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables and deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate.





# Notes to the Financial Statements

## For the year ended 31 March 2018

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial assets - continued

###### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

###### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

###### *Financial liabilities*

Financial liabilities including accruals are subsequently measured at amortised cost, using the effective interest method.



# Notes to the Financial Statements

## For the year ended 31 March 2018

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial liabilities and equity instruments - continued

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

##### Derecognition

The Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the assets to another entity. If the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3 to the financial statements, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 year 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.

The Directors have not come across any significant areas where critical estimation and judgements are involved in applying the Company's accounting policies.



# Notes to the Financial Statements

## For the year ended 31 March 2018

### 5. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to carry out its principal activity, i.e. to provide charity to the general public. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of cash and cash equivalents and accumulated surplus. The Directors review the capital structure on an annual basis. In order to maintain or adjust the capital structure, the Directors may organise various fund raising activities for donations.

In accordance with Article 40 of the Company's Articles of Association, borrowings shall not exceed 20% of the total assets of the Company. The Directors monitor the debt level on a daily basis to ensure it meets such requirement. The Company did not incur any debts financing, and therefore there is no non-compliance of the restriction on borrowings requirements existed during the two years ended 31 March 2018 and 2017.

### 6. FINANCIAL RISK MANAGEMENT

#### (a) Categories of financial instruments

	2018 HK\$	2017 HK\$
<b>Financial assets</b>		
Loans and receivables:		
Other receivables and deposit	239,570	354,675
Bank balances and cash	5,920,879	3,975,744
	<b>6,160,449</b>	<b>4,330,419</b>
<b>Financial liability</b>		
Financial liability measured at amortised cost:		
Accruals	5,000	27,400

#### (b) Financial risk management objectives and policies

The Company's major financial instruments include other receivables and deposit, bank balances and cash and accruals. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Company's exposure in respect of financial instruments or the manner in which it manages and measures the risks.



# Notes to the Financial Statements

## For the year ended 31 March 2018

### 6. FINANCIAL RISK MANAGEMENT - Continued

#### (b) Financial risk management objectives and policies - continued

##### Interest rate risk

The Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances due to the fluctuation of the prevailing market interest rate.

##### *Sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. For the variable-rate bank balances, the analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2017: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2017: 50 basis points) higher / lower and all other variables were held constant, the Company's surplus for the year ended 31 March 2018 (2017: surplus) would increase / decrease (2017: increase / decrease) by HK\$27,565 (2017: HK\$18,890). This is mainly attributable to the Company's exposure to interest rates on its variable-rate bank balances.

##### Credit risk

As at 31 March 2018, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The credit risk on bank balances is limited because the counterparty is bank with high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on bank balances, the Company does not have any other significant concentration of credit risk.

##### Liquidity risk

The Company implements prudent liquidity risk management which includes maintaining sufficient bank balances so as to enable the Company to meet its liabilities as and when they fall due and to continue operating for the foreseeable future. The Directors are of the opinion that the Company does not have any significant liquidity risk.

The maturity dates of all financial liabilities are repayable on demand or within one year as at the end of each reporting period.

#### (c) Fair value measurements of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values as at 31 March 2018 and 2017.





# Notes to the Financial Statements

## For the year ended 31 March 2018

### 7. DONATION INCOME

Donation income represent donations received and receivable during the year.

### 8. OTHER OPERATING INCOME

	2018 HK\$	2017 HK\$
Bank interest income	97	122

### 9. SURPLUS FOR THE YEAR

	2018 HK\$	2017 HK\$
Surplus for the year has been arrived at after charging:		
Auditor's remuneration	1,200	1,200
Directors' remuneration	-	-
Minimum leases payments under operating lease in respect of rented premises	15,541	15,630
Staff costs		
- Salaries and allowance	493,145	356,677
- Contributions to retirement benefits scheme	24,801	17,007
Total staff costs	517,946	373,684

### 10. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been provided in the financial statements as the Company is exempted from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

### 11. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates 0.001% per annum (2017: 0.001% per annum) at 31 March 2018.

### 12. OPERATING LEASES COMMITMENT

#### As lessee

At the end of the reporting period, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 HK\$	2017 HK\$
Within one year	1,980	-



# Notes to the Financial Statements

## For the year ended 31 March 2018

### 12. OPERATING LEASES COMMITMENT - Continued

#### As lessee - continued

Operating lease payments represent rentals payable by the Company for its office premises. Leases are negotiated and rentals are fixed for terms ranging from 1 year during the year ended 31 March 2018, and no arrangements have been entered into for contingent rental payments.

### 13. RELATED PARTY TRANSACTIONS

#### Compensation of key management personnel

No remuneration was paid to key management personnel during the years ended 31 March 2018 and 2017.

In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties:

Names of related parties	Relationship	Nature of transactions	2018 HK\$	2017 HK\$
So Kwok Hoo	Director	Donation income	40,000	39,800
Chan Ying Leung	Director	Donation income	45,800	49,800
So Chi Ming	Director	Donation income	186,700	118,481
Sun Kwok Wah Peter	Director	Donation income	-	249,400
Cheung Leung Hong	Director	Donation income	7,000	21,000
Wong Hin Shek	Director	Donation income	7,000	12,000
Chong Tin Lung Benny	Director	Donation income	146,323	110,100
Tsoi Man Po	Director	Donation income	99,500	500
So Tat Man David	Director	Donation income	39,800	80,300

### 14. LIMITED BY GUARANTEE

In accordance with Clause fifth and sixth of the Memorandum of Association of the Company, the liability of the members is limited, every member of the Company undertakes to contribute a sum not exceeding HK\$100 to the assets of the Company in the event of its being wound up during the time that he/she is a member or within one year thereafter he/she ceases to be a member.

