

Ten Percent Donation Scheme Foundation  
十分關愛基金會

Reports and Financial Statements

For the year ended 31 March 2019

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# Directors' Report

## For the year ended 31 March 2019

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 2019.

### 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 2019 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\$3,386,539 during the year ended 31 March 2019.

### 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	(resigned on 5 November 2018)
Wong Hin Shek	
Chong Tin Lung Benny	
Tsoi Man Po	
So Tat Man David	
Tse Tim	(appointed on 4 March 2019)

In accordance with Article 47 of the Company's Articles of Association, one third of the existing directors retire from office and, being eligible, offer themselves for re-election.

### ARRANGEMENTS TO PURCHASE 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 2019

#### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Except as disclosed in Note 13 to the financial statements, there were no contract 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.

#### **AUDITOR**

The financial statements of the Company for the year ended 31 March 2019 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



So Chi Ming  
Director

Hong Kong  
2 August 2019

## 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 24, which comprise the statement of financial position as at 31 March 2019, 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 2019, 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 ("HKSA") 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 of the Company 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 HKSAs 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 HKSAs, 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**  
*Certified Public Accountants (Practising)*  
**Chan Mei Mei**  
Practising Certificate Number: P05256

Hong Kong  
2 August 2019

# Statement of Income and Expenditure and Other Comprehensive Income For the year ended 31 March 2019

	Notes	2019 HK\$	2018 HK\$
<b>Income</b>			
Donation income	7	10,085,003	7,710,046
Other operating income	8	6,070	97
		<b>10,091,073</b>	<b>7,710,143</b>
<b>Expenditure</b>			
Donations made		(3,386,539)	(3,573,590)
Functions expenses		(1,968,142)	(2,060,099)
Administrative expenses		(577,177)	(583,273)
		<b>(5,931,858)</b>	<b>(6,216,962)</b>
<b>Surplus for the year</b>	9	<b>4,159,215</b>	<b>1,493,181</b>
Income tax expense	10	-	-
<b>Surplus and total comprehensive income for the year</b>		<b>4,159,215</b>	<b>1,493,181</b>



## Statement of Financial Position At 31 March 2019

	Note	2019 HK\$	2018 HK\$
<b>CURRENT ASSETS</b>			
Other receivables, deposit and prepayments		1,067,166	273,629
Bank balances and cash	11	9,302,418	5,920,879
		<b>10,369,584</b>	6,194,508
<b>CURRENT LIABILITY</b>			
Accruals		20,861	5,000
<b>NET ASSETS</b>		<b>10,348,723</b>	6,189,508
<b>RESERVE</b>			
Accumulated surplus		<b>10,348,723</b>	6,189,508

The financial statements on pages 6 to 24 were approved and authorised for issue by the Board of Directors on 2 August 2019 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 2019

	Accumulated surplus HK\$
At 1 April 2017	4,696,327
Surplus for the year	1,493,181
At 31 March 2018 and 1 April 2018	6,189,508
Surplus for the year	4,159,215
<b>At 31 March 2019</b>	<b>10,348,723</b>

# Statement of Cash Flows

## For the year ended 31 March 2019

	2019 HK\$	2018 HK\$
<b>OPERATING ACTIVITIES</b>		
Surplus for the year	4,159,215	1,493,181
Adjustment for:		
Interest income	(6,070)	(97)
<b>Operating cash flows before movements in working capital</b>	<b>4,153,145</b>	<b>1,493,084</b>
(Increase) decrease in other receivables, deposit and prepayments	(793,537)	474,354
Increase (decrease) in accruals	15,861	(22,400)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,375,469</b>	<b>1,945,038</b>
<b>NET CASH FROM INVESTING ACTIVITY</b>		
Interest received	6,070	97
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,381,539</b>	<b>1,945,135</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>5,920,879</b>	<b>3,975,744</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash</b>	<b>9,302,418</b>	<b>5,920,879</b>

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 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, Admiralty Centre Office Tower II, 18 Harcourt Road, Admiralty, 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)- Interpretation ("Int") 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to Hong Kong Accounting Standard ("HKAS") 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and 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.

#### HKFRS 9 *Financial Instruments*

In the current year, the Company has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Company has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

# Notes to the Financial Statements

## For the year ended 31 March 2019

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

#### New and Amendments to HKFRSs that are mandatorily effective for the current year - continued

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 3 to the financial statements.

*Summary of effects arising from initial application of HKFRS 9*

#### Classification and measurement of financial assets

All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under HKAS 39.

#### Impairment under ECL model

Loss allowances for financial assets at amortised cost mainly comprise of other receivables and bank balances. Other receivables are measured on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition. For bank balances, the Company transacts with reputable banks with high credit rating assigned by international credit-rating agencies and consider the risk of default as low.

Based on the assessment by the management of the Company, the ECL on other financial assets at amortised cost is insignificant and therefore it did not result in an adjustment of opening accumulated surplus.

#### New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRS 3	Definition of Business <sup>2</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>3</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>5</sup> Effective for annual periods beginning on or after a date to be determined.

# Notes to the Financial Statements

## For the year ended 31 March 2019

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

#### New and amendments to HKFRSs in issue but not yet effective - continued

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

### 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.

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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.

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. 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.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Company's ordinary course of business are presented as revenue.

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial assets - continued

*Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Company may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.



# Notes to the Financial Statements

## For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial assets - continued

*Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2)*

The Company recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including other receivables and deposit and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial assets - continued

*Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2)*

(i) Significant increase in credit risk - continued

Despite the foregoing, the Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) Significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial assets - continued

*Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2)*

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; or
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each Company continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial assets - continued

*Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)*

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.

##### *Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)*

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.

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial assets - continued

##### *Impairment of financial assets (before application of HKFRS 9 on 1 January 2018) - continued*

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.

##### *Derecognition of financial assets*

The Company derecognises 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 asset to another entity. If the Company neither transfers nor retains 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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### Financial liabilities and equity instruments

##### *Classification as debt or equity*

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*

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

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

###### *Derecognition of financial liabilities*

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.

### 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 41 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 2019 and 2018.

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 6. FINANCIAL RISK MANAGEMENT

#### (a) Categories of financial instruments

	2019 HK\$	2018 HK\$
<b>Financial assets</b>		
Loans and receivables:		
Other receivables and deposit	1,063,120	239,570
Bank balances and cash	9,302,418	5,920,879
	<b>1,035,538</b>	<b>6,160,449</b>
<b>Financial liability</b>		
Financial liability measured at amortised cost:		
Accruals	20,861	5,000

#### (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.

#### 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 (2018: 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 (2018: 50 basis points) higher / lower and all other variables were held constant, the Company's surplus for the year ended 31 March 2019 (2018: surplus) would increase/decrease (2018: increase/decrease) by HK\$43,676 (2018: HK\$27,565). This is mainly attributable to the Company's exposure to interest rates on its variable-rate bank balances.

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 6. FINANCIAL RISK MANAGEMENT - Continued

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

##### Credit risk and impairment assessment

As at 31 March 2019, the Company's credit risk is primarily attributable to other receivables and bank balances. The carrying amounts of financial assets at amortised cost stated in Note 6(a) represented the Company's maximum exposure to credit risk in relation to financial assets which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties. The Company does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

For other receivables, the Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised based on significant increases in the likelihood or risk of a default occurring since initial recognition. The Company have assessed the risk of default rate for other receivables based on the historical default rates.

The Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written-off

The table below details the credit risk exposures of the Company's financial assets, which are subject to ECL assessment.

2019	Note	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount HK\$
<b>Financial assets at amortised costs</b>					
Bank balances	11	AA+	N/A	12m ECL	9,300,856
Other receivables		N/A	Note	12m ECL	1,063,120



# Notes to the Financial Statements

## For the year ended 31 March 2019

### 6. FINANCIAL RISK MANAGEMENT - Continued

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

##### Credit risk and impairment assessment - continued

Note:

The Company has assessed the risk of default rate for other receivables based on the historical default rates and concluded that the ECL on other receivables is insignificant.

##### 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 2019 and 2018.

### 7. DONATION INCOME

Donation income represent donations received and receivable during the year.

### 8. OTHER OPERATING INCOME

	2019 HK\$	2018 HK\$
Bank interest income	6,070	97

### 9. SURPLUS FOR THE YEAR

	2019 HK\$	2018 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	15,044	15,541
Staff costs		
- Salaries and allowance	474,793	493,145
- Contributions to retirement benefits scheme	21,350	24,801
Total staff costs	496,143	517,946

# Notes to the Financial Statements

## For the year ended 31 March 2019

### 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 (2018: 0.001% per annum) at 31 March 2019.

### 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:

	2019 HK\$	2018 HK\$
Within one year	1,440	1,980

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 2019, 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 2019 and 2018.

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	2019 HK\$	2018 HK\$
So Kwok Hoo	Director	Donation income	51,300	40,000
Chan Ying Leung	Director	Donation income	45,800	45,800
So Chi Ming	Director	Donation income	252,700	186,700
Cheung Leung Hong	Director	Donation income	-	7,000
Wong Hin Shek	Director	Donation income	3,000	7,000
Chong Tin Lung Benny	Director	Donation income	219,580	146,323
Tsoi Man Po	Director	Donation income	19,800	99,500
So Tat Man David	Director	Donation income	39,800	39,800

### 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.