

**CARING FOR CHILDREN FOUNDATION LIMITED**

**福幼基金會有限公司**

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2019**

**黃龍德會計師事務所有限公司**

香港執業會計師、英國特許會計師

**PATRICK WONG C.P.A. LIMITED**

*Certified Public Accountants (Practising), Hong Kong Chartered Accountants*



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(All amounts in Hong Kong Dollars unless otherwise stated)

**CARING FOR CHILDREN FOUNDATION LIMITED**  
**福幼基金會有限公司**  
 (A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

**DIRECTORS' REPORT**

The directors submit herewith their annual report together with the audited financial statements of the Foundation for the year ended 31 March 2019.

**PRINCIPAL ACTIVITIES**

Caring for Children Foundation Limited (the "Foundation") is an approved charitable organization and its principal activities during the year are the running of various welfare and relief programmes for children in China and Hong Kong, including Rebuilding and Rehabilitation programmes in Sichuan, Qinghai and Yunnan, with funding from donors of exceptional generosity.

**RESULTS**

The financial performance of the Foundation for the year ended 31 March 2019 and of its financial position at that date are set out in the financial statements on pages 4 to 21.

**CHARITABLE DONATIONS**

During the year, the Foundation made charitable donations amounting to \$2,433,837.

**DIRECTORS**

The directors of the Foundation during the financial year were as follow:-

Ho Lai Chuen  
 Lai Kin Keung  
 Luey Sisi Doris  
 Poon Kwing Wing, Water  
 Tsang Eric Chi Wai  
 Wong Tin Chee, Tinly

All directors retire in accordance with the Foundation's Articles of Association and, being eligible, offer themselves for re-election.

**DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS OF SIGNIFICANCE**

Except for the detail as disclosed in note 15 to the financial statements, no other transactions, arrangement and contracts of significance to which the Foundation, was a party and in which a director of had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**PERMITTED INDEMNITY PROVISION**

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Foundation is currently in force and was in force throughout the year.

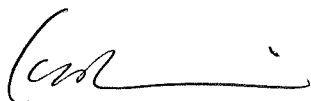
**BUSINESS REVIEW**

The Foundation falls within reporting exemption for the financial year. Accordingly, the Foundation is exempted from preparing a business review.

**AUDITOR**

The auditor, Patrick Wong C.P.A. Limited, Chartered Accountants, Certified Public Accountants (Practising), retires at the Annual General Meeting but, being eligible, offer themselves for re-appointment.

FOR AND ON BEHALF OF THE BOARD



Lai Kin Keung  
 Director

Hong Kong,  
 9 December 2019



# 黃龍德會計師事務所有限公司<sup>2</sup>

香港執業會計師、英國特許會計師

## PATRICK WONG C.P.A. LIMITED

Certified Public Accountants (Practising), Hong Kong Chartered Accountants

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1101, 11/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong

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電郵 E-mail : enquiries@pwcpa.com.hk 網址 Website : http://www.pwcpa.com.hk



黃龍德會計師

### 董事 Directors

黃龍德執業資深會計師  
銅紫荊星章、太平紳士

劉旭明執業資深會計師

黃俊碩執業資深會計師

曾卓鋒執業資深會計師

**PATRICK WONG, PhD, BBS, JP**

FCPA(Practising), FCA, FCCA, FAIA, MSCA, FCIS, FCS, CTA(HK), FTIHK, FHKIoD

**LAU YUK MING, HAROLD**

FCPA(Practising), MSCA

**WONG CHUN SEK, EDMUND**

FCPA(Practising), ACA, ACCA, FCIS, FCS, CGP, MSCA, FTIHK, BComm(Hons), MSc, MCG, MBA

**TSANG CHEUK FUNG, ANDY**

FCPA(Practising), MSCA, BBA(Hons), BEna(Hons)

電話 Tel : 3187 8209 電郵 E-mail : pw@pwcpa.com.hk

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電話 Tel : 3187 8216 電郵 E-mail : edmundwong@pwcpa.com.hk

電話 Tel : 3187 8250 電郵 E-mail : andytsang@pwcpa.com.hk

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARING FOR CHILDREN FOUNDATION LIMITED 福幼基金會有限公司

(INCORPORATED IN HONG KONG AS A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

#### Opinion

We have audited the financial statements of **Caring For Children Foundation Limited** (the "Foundation") set out on pages 4 to 21, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in funds, and 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 Foundation 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 for 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 Foundation 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.

#### Information other than the financial statements and auditor's report thereon

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

#### Responsibilities of directors and those charged with governance for the financial statements

The directors 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 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 Foundation'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 Foundation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

聯營公司：  
Associated :

龍德商務顧問有限公司  
LT Business Consultants Limited

江門市龍德諮詢服務有限公司  
Jiangmen Longde Consultants Limited

澳門黃林梁郭有限公司  
Macau Wong Lam Leung & Kwok Limited

(to be continued, P.T.O.)

40 綠色機構 greenorg

5 years+ 商界展關懷

caringcompany

Association of the Hong Kong Council of Social Service





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
**CARING FOR CHILDREN FOUNDATION LIMITED**  
福幼基金會有限公司

(INCORPORATED IN HONG KONG AS A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)  
(CONTINUED)

**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. This report is made solely to you, as a body, in accordance with the Hong Kong Companies Ordinance, and for no other purposes. 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 HKSA's 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 HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**PATRICK WONG C.P.A. LIMITED**

黃龍德會計師事務所有限公司

*Certified Public Accountants*

劉旭明, 香港執業資深會計師

LAU YUK MING HAROLD

FCPA (Practising), MSCA

Certified Public Accountant (Practising), Hong Kong

Practising Certificate Number: P05468

Hong Kong, 9 December 2019

Ref: C423/A/PW/HL/1077/1494/486

**CARING FOR CHILDREN FOUNDATION LIMITED****福幼基金會有限公司**

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
YEAR ENDED 31 MARCH 2019

	<u>Notes</u>	<u>2019</u> \$	<u>2018</u> \$
<b>Revenue</b>	5	3,490,946	4,697,242
Other income	6	54,213	31,282
		-----	-----
Total revenue		3,545,159	4,728,524
<b>Operating expenses</b>			
Charitable donations		(2,433,837)	(4,940,513)
Other operating expenses		(2,524,250)	(2,293,094)
		-----	-----
		(4,958,087)	(7,233,607)
		-----	-----
<b>Deficit for the year</b>	7	(1,412,928)	(2,505,083)
Other comprehensive income		-	-
		-----	-----
<b>Total comprehensive loss</b>		(1,412,928)	(2,505,083)
		=====	=====

The notes on pages 8 to 21 form an integral part of these financial statements.  
Independent Auditor's Report - Pages 2 and 3

# CARING FOR CHILDREN FOUNDATION LIMITED

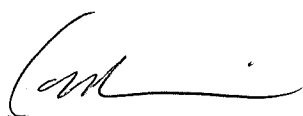
## 福幼基金會有限公司


(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

### STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019

	<u>Notes</u>	<u>2019</u> \$	<u>2018</u> \$
<b>Non-current asset</b>			
Furniture and equipment	10	13,382	2,121
		-----	-----
<b>Current assets</b>			
Other receivables		-	107,900
Utility deposits		43,740	32,250
Prepayments		157,100	21,795
Cash and cash equivalents	11	5,004,975	6,445,362
		5,205,815	6,607,307
<b>Current liability</b>			
Payables and accruals		47,971	22,664
<b>Net current assets</b>		5,157,844	6,584,643
		-----	-----
<b>Total assets less current liabilities</b>		5,171,226	6,586,764
<b>Non-current liability</b>			
Provision for long service payment		(15,108)	(17,718)
		-----	-----
<b>Net assets</b>		5,156,118	6,569,046
		=====	=====
Represented by:-			
<b>Funds</b>			
Donation reserve (Sichuan, Yunnan and project funds)		3,224,174	3,121,250
Designated Qinghai fund		1,753,549	1,993,824
General fund		178,395	1,453,972
		-----	-----
		5,156,118	6,569,046
		=====	=====

APPROVED BY:-

  
Lai Kin Keung  
Director

  
Ho Lai Chuen  
Director

The notes on pages 8 to 21 form an integral part of these financial statements.  
Independent Auditor's Report - Pages 2 and 3



**CARING FOR CHILDREN FOUNDATION LIMITED**  
**福幼基金會有限公司**  
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

STATEMENT OF CHANGES IN FUNDS  
YEAR ENDED 31 MARCH 2019

	Donation reserve (Sichuan, Yunnan and project funds)	Designated Qinghai fund	General fund	Total
	\$	\$	\$	\$
<b>Balance at 01/04/2017</b>	3,498,212	2,212,410	3,363,507	9,074,129
Total comprehensive loss for the year	(376,962)	(218,586)	(1,909,535)	(2,505,083)
<b>Balance at 31/03/2018</b>	3,121,250	1,993,824	1,453,972	6,569,046
Total comprehensive loss for the year	102,924	(240,275)	(1,275,577)	(1,412,928)
<b>Balance at 31/03/2019</b>	3,224,174	1,753,549	178,395	5,156,118

**CARING FOR CHILDREN FOUNDATION LIMITED**

**福幼基金會有限公司**

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

**STATEMENT OF CASH FLOWS**

**YEAR ENDED 31 MARCH 2019**

	<u>Note</u>	<u>2019</u>	<u>2018</u>
		<u>\$</u>	<u>\$</u>
<b>Operating activities</b>			
Deficit for the year		(1,412,928)	(2,505,083)
Adjustments for:			
Depreciation		4,141	1,060
Interest income		(41,343)	(21,817)
Reversal of long service payment		(2,610)	(6,455)
		-----	-----
Operating deficit before working capital changes		(1,452,740)	(2,532,295)
Decrease/(increase) in other receivables		107,900	(107,600)
Increase in utility deposits		(11,490)	-
(Increase)/decrease in prepayments		(135,305)	79,107
Increase in payables and accruals		25,307	9,355
		-----	-----
Cash used in operations		(1,466,328)	(2,551,433)
Long service payment paid		-	(38,110)
		-----	-----
Net cash used in operating activities		(1,466,328)	(2,589,543)
		-----	-----
<b>Investing activities</b>			
Purchase of furniture and equipment		(15,402)	-
Interest received		41,343	21,817
		-----	-----
Net cash generated from investing activities		25,941	21,817
		-----	-----
<b>Net decrease in cash and cash equivalents</b>		(1,440,387)	(2,567,726)
<b>Cash and cash equivalents at beginning of the year</b>		6,445,362	9,013,088
		-----	-----
<b>Cash and cash equivalents at end of the year</b>	11	5,004,975	6,445,362
		=====	=====

The notes on pages 8 to 21 form an integral part of these financial statements.

Independent Auditor's Report - Pages 2 and 3

# **CARING FOR CHILDREN FOUNDATION LIMITED**

## **福幼基金會有限公司**

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

### **NOTES TO THE FINANCIAL STATEMENTS**

31 MARCH 2019

#### **1. GENERAL INFORMATION**

Caring for Children Foundation Limited (“the Foundation”) is a company incorporated under the Companies Ordinance and is limited by guarantee. The address of its registered office is Block C, 1/F, Prince Building, 152 Prince Edward Road, Kowloon.

The Foundation was registered as a licensed charitable organisation under Inland Revenue Ordinance (No. 91/3922) in 1994 with the predominant aim to provide much needed welfare and relief programmes for disaster affected children in China and in particular, the Rebuilding and Rehabilitation programmes in Sichuan, Qinghai and Yunan.

#### **2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS**

The Foundation’s financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies adopted by the Foundation is set out in note 3.

In the year ended 31 March 2019, the Foundation has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 April 2018. The application of the new and revised HKFRSs has no material effects on the Foundation’s financial performance and positions.

#### **3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES**

(a) Basis of preparation of the financial statements

The financial statements have been prepared on the historical cost basis at the end of the reporting period, as explained in the accounting policies set out below.

(b) Furniture and equipment

Furniture and equipment held for administrative purposes are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

### 3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) Furniture and equipment (continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method, as follows:-

Furniture and fixtures	- 20%
Office equipment	- 20%
Leasehold improvement	- 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of furniture and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of furniture and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(c) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Foundation becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Foundation transfers substantially all the risks and rewards of ownership of the assets; or the Foundation neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the assets' carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(d) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

### 3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets (continued)

Financial assets of the Foundation are classified under the following categories:

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

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

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method less loss allowances for expected credit losses.

(e) Loss allowances for expected credit losses

The Foundation recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Foundation measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Foundation measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(f) Cash and cash equivalents

Cash comprises cash in hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(g) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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

(i) Operating Leases

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 period in which they are incurred.

(h) Payables

Payables are initially measured at fair value and, after initial recognition, at amortised cost using the effective interest method, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

(i) Income recognition

(i) Donation income is recognized when cash is received or no significant uncertainty as to its collectability exists.

(ii) Interest income is recognised using the effective interest method.

(j) Foreign currency translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At the end of each reporting period, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair value was determined. Exchange gains and losses are recognised in the statement of profit or loss and other comprehensive income.

### 3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Foundation reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(l) Employee benefits

(i) Retirement benefit costs

The Foundation has joined the Mandatory Provident Fund Scheme (the MPF Scheme) established under the Mandatory Provident Fund Ordinance. The Foundation contributes 5% of the relevant income of staff members under the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Foundation, in funds under the control of trustee.

Payments to the MPF Scheme are charged as an expense as they fall due.

### 3. SUMMARY OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (continued)

(ii) Employment Ordinance long service payments

An employee of the Foundation has completed the required number of years of service to the Foundation to be eligible for long service payment under the Employment Ordinance. A provision has been set aside to meet such payment when required as and when the necessary conditions specified in the Employment Ordinance are met in full.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Foundation to the end of the reporting period.

(m) Related parties

(a) A person or a close member of that person's family is related to the Foundation if that person:

- (i) has control or joint control over the Foundation;
- (ii) has significant influence over the Foundation; or
- (iii) is a member of the key management personnel of the Foundation.

(b) An entity is related to the Foundation if any of the following conditions applies:

- (i) The entity is controlled or jointly controlled by a person identified in (a).
- (ii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

Certain key assumptions and risk factors in respect of the financial risk management are set out in note 14. There were no other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



NOTES TO THE FINANCIAL STATEMENTS  
 31 MARCH 2019

## 5. REVENUE

An analysis on revenue are as follows:-

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Donation received	3,490,946	4,697,242
	=====	=====

## 6. OTHER INCOME

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Bank interest income	41,343	21,817
Exchange gains, net	10,260	-
Sundry income	-	3,010
Reversal of provision for long service payment		
- Administrative	782	1,936
- Projects	1,828	4,519
	-----	-----
	54,213	31,282
	=====	=====

## 7. DEFICIT FOR THE YEAR

Deficit for the year is arrived at after charging/(crediting) the following:-

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Employee benefits expense		
- Contributions to defined contribution plan		
- Administrative	14,103	11,028
- Projects	32,907	25,731
- Salaries, wages and other benefits		
- Administrative	497,854	383,918
- Projects	1,161,661	895,809
	-----	-----
	1,706,525	1,316,486
	=====	=====
Depreciation	4,141	1,060
Exchange (gains)/losses, net	(10,260)	35,993
Operating lease charges	194,000	174,000
	=====	=====

## 8. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the the Foundation has obtained exemption status under Section 88 of the Inland Revenue Ordinance for taxation purposes.

## 9. EMOLUMENTS AND OTHER MATTERS RELATING TO DIRECTORS

- (a) Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation for the year is nil (2018: nil).

There were no payments made or benefit provided in respect of the termination of the service of directors, whether in the capacity of directors or in any other capacity while directors.

- (b) There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and other connected entities.
- (c) Directors' material interests in transactions, arrangement or contracts  
The directors were of the opinion that except for the detail as disclosed in note 15 to the financial statements, no other transactions, arrangement or contracts of significance in relation to the Foundation's business to which the Foundation was a party and in which a director of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year and the previous year.
- (d) Guarantees to banks for loans granted to directors of the Foundation  
The Foundation has not paid or incurred any liability for the purpose of fulfilling the guarantee or discharging the security given to banks for loans granted to the directors during the year and the previous year.
- (e) There were no consideration provided to or receivable by third parties for making available the services of a person as directors or in any other capacity while director.

NOTES TO THE FINANCIAL STATEMENTS  
 31 MARCH 2019

## 10. FURNITURE AND EQUIPMENT

	Furniture and fixtures	Office equipment	Leasehold improvement	Total
	\$	\$	\$	\$
<b>Cost:</b>				
At 1 April 2018	53,373	104,536	212,296	370,205
Addition	-	15,402	-	15,402
at 31 March 2019	53,373	119,938	212,296	385,607
<b>Accumulated depreciation:</b>				
At 1 April 2018	53,373	102,415	212,296	368,084
Charge for the year	-	4,141	-	4,141
At 31 March 2019	53,373	106,556	212,296	372,225
<b>Net book value:</b>				
At 31 March 2019	-	13,382	-	13,382
<b>Cost:</b>				
At 1 April 2017 and at 31 March 2018	53,373	104,536	212,296	370,205
<b>Accumulated depreciation:</b>				
At 1 April 2017	53,373	101,355	212,296	367,024
Charge for the year	-	1,060	-	1,060
At 31 March 2018	53,373	102,415	212,296	368,084
<b>Net book value:</b>				
At 31 March 2018	-	2,121	-	2,121

## 11. CASH AND CASH EQUIVALENTS

	2019 \$	2018 \$
Cash at bank and on hand	2,504,975	4,426,362
Fixed deposits with banks	2,500,000	2,019,000
Cash and cash equivalents in the statement of financial position and statement of cash flows	5,004,975	6,445,362

NOTES TO THE FINANCIAL STATEMENTS  
 31 MARCH 2019

## 12. COMMITMENTS UNDER OPERATING LEASES

At the end of reporting period, the Foundation had the following future aggregate minimum lease payments under non-cancellable operating leases:-

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Within one year	236,400	12,000
In the second to fifth years inclusive	153,000	-
	-----	-----
	389,400	12,000
	=====	=====

## 13. CAPITAL DISCLOSURE

Capital represents the donation reserve (Sichuan, Yunnan and project funds), designated Qinghai fund and general fund which represents the unallocated surplus of donation income of respective fund. It is to supplement charitable financing in a year of deficit. The Foundation's objective when managing funds is to safeguard its ability to continue as a going concern, so that it can continue to provide funding for operation.

The Foundation manages capital by regularly monitoring its current and expected liquidity requirements, rather than using debt/equity ratio analyses.

The Foundation is a company limited by guarantee and does not have a share capital. The liability of the members is limited and every member of the Foundation undertakes to contribute to the assets of the Foundation in the event of its being wound up to the extent of not exceeding \$100. The Foundation's income is generated from donation income.

The Foundation is not subject to either internally or externally imposed capital requirements.

## 14. FINANCIAL INSTRUMENTS

The Foundation has classified its financial assets in the following categories:-

	<u>Financial assets</u> <u>at amortised cost</u>	<u>Loans and</u> <u>receivables</u>
	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Other receivables	-	107,900
Utility deposits	43,740	32,250
Cash and cash equivalents	5,004,975	6,445,362
	-----	-----
	5,048,715	6,585,512
	=====	=====

#### 14. FINANCIAL INSTRUMENTS (CONTINUED)

The Foundation has classified its financial liabilities in the following categories:-

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>Financial liabilities measured at amortised cost</u>		
Payables and accruals	47,971	22,664
	=====	=====

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2019 and 2018.

The Foundation is exposed to credit risk, liquidity risk and market risk arising in the normal course of its operation and financial instruments. The Foundation's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its operation by closely monitoring the individual exposure.

(a) Credit risk

The Foundation's credit risk is primarily attributable to the deposits with bank. Management considers that the credit risk on its liquid fund is low because the counterparties are authorised financial institutions regulated under the Hong Kong Banking Ordinance. Certain bank balances are deposits with state-owned banks in the PRC.

Summary quantitative data

	<u>2019</u>	<u>2018</u>
	\$	\$
Other receivables	-	107,900
Utility deposits	43,740	32,250
Deposits with banks	5,000,088	6,441,523
	-----	-----
	5,043,828	6,581,673
	=====	=====

At 31 March 2019, the Foundation has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(b) Liquidity risk

The Foundation has no significant liquidity risk its on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need. All financial liabilities of the Foundation are non-interest bearing and repayable within one year or on demand.

NOTES TO THE FINANCIAL STATEMENTS  
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## 14. FINANCIAL INSTRUMENTS (CONTINUED)

### (c) Market risk

#### (i) Interest rate risk

The Foundation has no significant exposure on fair value interest rate risk and cash flow interest rate risk which is mainly arising from its deposits with banks.

#### Summary quantitative data

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
<u>Financial assets</u>		
Deposits with banks	4,386,370	5,533,195
	=====	=====

No sensitivity analysis for the Foundation's exposure to interest rate risk arising from cash at bank is prepared since based on management's assessment the exposure is considered not significant.

#### (ii) Currency risk

The Foundation has no significant exposure to foreign currency risk as substantially all of the Foundation's transactions are mainly denominated in Hong Kong dollars. The historical exchange rate fluctuation on Renminbi is insignificant. Thus, there is no significant exposure expected on Renminbi transactions and balances.

Details of the Foundation's exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the Foundation to which they relate are as follows:-

	<u>RMB</u>
	<u>\$</u>
<u>2019</u>	
Bank balances and cash	269,648
	=====
<u>2018</u>	
Bank balances and cash	540,341
	=====

No sensitivity analysis for the Foundation's exposure to currency risk is prepared since the directors consider that the Foundation did not expose to any currency risk.

### (d) Financial instruments carried at fair value

At the end of the reporting period, there were no financial instruments stated at fair value.

NOTES TO THE FINANCIAL STATEMENTS  
 31 MARCH 2019

## 15. MATERIAL RELATED PARTY TRANSACTIONS

The Foundation had the following material related party transactions during the year.

	<u>2019</u>	<u>2018</u>
	\$	\$
Charitable donation from a related company	-	76,629
Charitable donation from directors	448,845	319,175
	<u>448,845</u>	<u>319,175</u>

Rental paid to a related company in respect of office premise was mutually agreed.

## 16. HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

HKFRSs and HKASs that have been issued but are not yet effective for the year include the following HKFRSs and HKASs which may be relevant to the Foundation's operations and financial statements:-

	Effective for annual periods beginning on or after
HKFRS 16, <i>Leases</i>	1 January 2019
HKFRS 17, <i>Insurance Contracts</i>	1 January 2021
HK(IFRIC) – Int 23, <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to HKFRS 9, <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to HKFRS 10 and HKAS 28, <i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Amendments to HKAS 1 and HKAS 8, <i>Definition of Material</i>	1 January 2020
Amendments to HKAS 19, <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to HKAS 28, <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to HKFRSs, <i>Annual Improvements to HKFRSs 2015 – 2017 Cycle</i>	1 January 2019

These HKFRSs have not yet been adopted in this year. Except as described below, the Foundation anticipates that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the financial statements of the Foundation in the foreseeable future.

## **16. HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR (CONTINUED)**

### **HKFRS 16 Leases**

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for 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 Foundation 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 interest portion which will be both presented as financing cash flows by the Foundation.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Foundation has non-cancellable operating lease commitments of \$389,400 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 Foundation will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

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

## **17. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Foundation’s Board of Directors on 9 December 2019.





