



## Watchdog Limited

31 March 2022

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## Report of the Executive Committee

The Executive Committee submits herewith its annual report together with the audited financial statements for the year ended 31 March 2022.

### Principal place of business

Watchdog Limited ("the company") is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at G/F, 12 Borrett Road, Central, Hong Kong.

### Principal activities

The company is a charitable institution limited by guarantee. Its aim is to provide early education and well rounded therapy services to children with special educational needs.

### Executive Committee and office bearers

The members of the Executive Committee and the offices held by them, where appropriate, are set out below:

Minnie Ling, Chairperson	
Dorothy Fan, Vice-Chairperson	
Sandra Au Yeung, Secretary	
Amanda Wong, Treasurer	
Shella Cheng	
Suet Yee Wong	
Lucia Tsang	
Suet Yee Wong	(appointed on 16 December 2021)
Lucia Tsang	(appointed on 16 December 2021)
Kitty So	(resigned on 16 December 2021)
Judy Tong	(resigned on 16 December 2021)

All members of the Executive Committee now retire in accordance with the articles of association which provide that each member may be re-elected.

At no time during the year was the company a party to any arrangements to enable the members of the Executive Committee to acquire benefits by means of the acquisition of shares in or debentures of any other body corporate.

Under the provisions of the company's memorandum and articles of association, no member of the Executive Committee is permitted to hold any office of profit in the company.

## **Indemnity of Executive Committee**

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the members of Executive Committee of the company is currently in force and was in force throughout this year.

## **Executive Committee members' interests in transactions, arrangements or contracts**

No transaction, arrangement or contract of significance to which the company was a party and in which a member of Executive Committee had a material interest subsisted at the end of the year or at any time during the year.

## **Auditors**

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

By order of the Executive Committee



Minnie Ling

Chairperson

Hong Kong,

28 OCT 2022



# Independent auditor's report to the members of Watchdog Limited

(Incorporated in Hong Kong and limited by guarantee)

## Opinion

We have audited the financial statements of Watchdog Limited ("the company") set out on pages 6 to 34, which comprise the statement of financial position as at 31 March 2022, the statement of income and expenditure and other comprehensive income, the statement of changes in accumulated funds and the cash flow statement 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 2022 and of the company's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *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.

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

The Executive Committee is responsible for the other information. The other information comprises all the information included in the annual report, other than 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 to the members of Watchdog Limited (continued)

*(Incorporated in Hong Kong and limited by guarantee)*

## **Responsibilities of the Executive Committee for the financial statements**

The Executive Committee is 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 Executive Committee determines 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 Executive Committee is 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 Executive Committee either intends to liquidate the company or to cease operations, or has 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism 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.

## Independent auditor's report to the members of Watchdog Limited (continued)

*(Incorporated in Hong Kong and limited by guarantee)*

### **Auditor's responsibilities for the audit of the financial statements (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the Executive Committee's 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.
- 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 Executive Committee 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.



Certified Public Accountants

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

28 OCT 2022



# Statement of income and expenditure and other comprehensive income for the year ended 31 March 2022 (Expressed in Hong Kong dollars)

	Note	General Fund		Capital Fund		Specific Fund		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
<b>Income</b>									
Principal sources of revenue	4	\$ 23,777,418	\$ 24,796,294	\$ 329,200	\$ 417,094	\$ 376,709	\$ 1,226,881	\$ 24,483,327	\$ 26,440,269
Other revenue	5	1,535,750	4,613,388	838,076	551,024	-	-	2,373,826	5,164,412
<b>Total</b>		<b>\$ 25,313,168</b>	<b>\$ 29,409,682</b>	<b>\$ 1,167,276</b>	<b>\$ 968,118</b>	<b>\$ 376,709</b>	<b>\$ 1,226,881</b>	<b>\$ 26,857,153</b>	<b>\$ 31,604,681</b>
Other net gain	5	\$ 209,530	\$ 391,282	-	-	-	-	\$ 209,530	\$ 391,282
<b>Expenditure</b>									
Staff costs	6	\$ 23,600,520	\$ 21,676,908	-	-	-	-	\$ 23,600,520	\$ 21,676,908
Other operating expenses	7	3,422,372	2,591,537	-	52,128	109,145	351,065	3,531,517	2,994,730
<b>Total</b>		<b>\$ 27,022,892</b>	<b>\$ 24,268,445</b>	<b>\$ -</b>	<b>\$ 52,128</b>	<b>\$ 109,145</b>	<b>\$ 351,065</b>	<b>\$ 27,132,037</b>	<b>\$ 24,671,638</b>
Finance costs	8	\$ 11,577	\$ 22,456	-	-	-	-	\$ 11,577	\$ 22,456
<b>(Deficit)/surplus for the year</b>		<b>\$ (1,511,771)</b>	<b>\$ 5,510,063</b>	<b>\$ 1,167,276</b>	<b>\$ 915,990</b>	<b>\$ 267,564</b>	<b>\$ 875,816</b>	<b>\$ (76,931)</b>	<b>\$ 7,301,869</b>



# Statement of income and expenditure and other comprehensive income for the year ended 31 March 2022 (continued) (Expressed in Hong Kong dollars)

	Note	General Fund 2022	2021	Capital Fund 2022	2021	Specific Fund 2022	2021	Total 2022	2021
<b>Other comprehensive income</b>									
<i>Item that will not be reclassified subsequently to profit or loss, net of nil tax:</i>									
Equity investments at fair value through other comprehensive income ("FVOCI"):									
- Net movement in fair value reserve (non-recycling)	17	\$ -	\$ -	\$ (37,627)	\$ 61,539	\$ -	\$ -	\$ (37,627)	\$ 61,539
<b>Other comprehensive income for the year</b>		\$ -	\$ -	\$ (37,627)	\$ 61,539	\$ -	\$ -	\$ (37,627)	\$ 61,539
<b>Total comprehensive income for the year</b>		\$ (1,511,771)	\$ 5,510,063	\$ 1,129,649	\$ 977,529	\$ 267,564	\$ 875,816	\$ (114,558)	\$ 7,363,408

The notes on pages 12 to 34 form part of these financial statements.

## Statement of financial position at 31 March 2022 (Expressed in Hong Kong dollars)

	Note	General Fund		Capital Fund		Specific Fund	Total	
		2022	2021	2022	2021	2022	2022	2021
<b>Non-current assets</b>								
Other financial assets	11	\$ -	\$ -	\$ 1,373,075	\$ 1,410,702	\$ -	\$ 1,373,075	\$ 1,410,702
Property, plant and equipment	12	2,281,959	996,219	-	-	209,110	2,491,069	1,855,417
Utility and rental deposits		261,068	-	-	-	-	261,068	-
		<u>\$ 2,543,027</u>	<u>\$ 996,219</u>	<u>\$ 1,373,075</u>	<u>\$ 1,410,702</u>	<u>\$ 209,110</u>	<u>\$ 4,125,212</u>	<u>\$ 3,266,119</u>
<b>Current assets</b>								
Other receivables and prepayments		\$ 905,459	\$ 2,295,433	\$ -	\$ -	\$ -	\$ 905,459	\$ 2,295,433
Utility and rental deposits		-	253,198	-	-	-	-	253,198
Deposits maturing beyond three months when placed	13(a)	-	-	5,116,981	2,987,423	6,000,000	11,116,981	8,987,423
Cash and cash equivalents	13(a)	4,981,443	4,913,982	1,801,401	2,763,683	1,898,991	8,681,835	8,532,040
		<u>\$ 5,886,902</u>	<u>\$ 7,462,613</u>	<u>\$ 6,918,382</u>	<u>\$ 5,751,106</u>	<u>\$ 7,898,991</u>	<u>\$ 20,704,275</u>	<u>\$ 20,068,094</u>
<b>Current liabilities</b>								
Other payables and accrued expenses		\$ 1,457,093	\$ 1,133,768	\$ -	\$ -	\$ 202,993	\$ 1,660,086	\$ 1,209,797
Lease liabilities	14	1,230,287	767,745	-	-	-	1,230,287	767,745
		<u>\$ 2,687,380</u>	<u>\$ 1,901,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,993</u>	<u>\$ 2,890,373</u>	<u>\$ 1,977,542</u>
<b>Net current assets</b>		<u>\$ 3,199,522</u>	<u>\$ 5,561,100</u>	<u>\$ 6,918,382</u>	<u>\$ 5,751,106</u>	<u>\$ 7,695,998</u>	<u>\$ 17,813,902</u>	<u>\$ 18,090,552</u>
<b>Total assets less current liabilities</b>		<u>\$ 5,742,549</u>	<u>\$ 6,557,319</u>	<u>\$ 8,291,457</u>	<u>\$ 7,161,808</u>	<u>\$ 7,905,108</u>	<u>\$ 21,939,114</u>	<u>\$ 21,356,671</u>
<b>Non-current liabilities</b>								
Lease liabilities	14	697,001	-	-	-	-	697,001	-
<b>NET ASSETS</b>		<u>\$ 5,045,548</u>	<u>\$ 6,557,319</u>	<u>\$ 8,291,457</u>	<u>\$ 7,161,808</u>	<u>\$ 7,905,108</u>	<u>\$ 21,242,113</u>	<u>\$ 21,356,671</u>


# Statement of financial position at 31 March 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	General Fund		Capital Fund		Specific Fund		Total
		2022	2021	2022	2021	2022	2021	2022
Represented by:								
Accumulated surplus	15	\$ 5,045,548	\$ 6,557,319	\$ 8,293,875	\$ 7,126,599	\$ 7,905,108	\$ 7,637,544	\$ 21,244,531
Fair value reserve (non-cycling)	17	-	-	(2,418)	35,209	-	-	(2,418)
ACCUMULATED FUNDS		\$ 5,045,548	\$ 6,557,319	\$ 8,291,457	\$ 7,161,808	\$ 7,905,108	\$ 7,637,544	\$ 21,242,113
								\$ 21,356,671

The financial statements set out on pages 6 to 34 were approved and authorised for issue by the Executive Committee on and were signed on its behalf by:

28 OCT 2022

  
Minnie Ling  
Chairperson

  
Dorothy Fan  
Vice-Chairperson

The notes on pages 12 to 34 form part of these financial statements.



## Statement of changes in accumulated funds for the year ended 31 March 2022 (Expressed in Hong Kong dollars)

	<i>General Fund</i>	<i>Capital Fund</i>	<i>Specific Fund</i>	<i>Total</i>
<b>Balance 1 April 2020</b>	\$ 1,047,256	\$ 6,184,279	\$ 6,761,728	\$ 13,993,263
<b>Change in accumulated funds account for 2020/2021:</b>				
Total comprehensive income for the year	5,510,063	977,529	875,816	7,363,408
<b>Balance at 31 March 2021 and 1 April 2021</b>	\$ 6,557,319	\$ 7,161,808	\$ 7,637,544	\$ 21,356,671
<b>Change in accumulated funds account for 2021/2022:</b>				
Total comprehensive income for the year	(1,511,771)	1,129,649	267,564	(114,558)
<b>Balance at 31 March 2022</b>	<u>\$ 5,045,548</u>	<u>\$ 8,291,457</u>	<u>\$ 7,905,108</u>	<u>\$ 21,242,113</u>

The notes on pages 12 to 34 form part of these financial statements.



## Cash flow statement for the year ended 31 March 2022

(Expressed in Hong Kong dollars)

	Note	2022	2021
<b>Operating activities</b>			
Cash generated from operations	13(b)	\$ 3,357,043	\$ 7,025,368
<b>Net cash generated from operating activities</b>		<u>\$ 3,357,043</u>	<u>\$ 7,025,368</u>
<b>Investing activities</b>			
Payment for purchase of plant and equipment		\$ (474,608)	\$ (1,286,007)
Interest received		139,563	139,284
Dividends received from investments in securities		66,913	51,734
(Increase)/decrease in deposits maturing beyond three months when placed		(1,921,305)	789,205
<b>Net cash used in investing activities</b>		<u>\$ (2,189,437)</u>	<u>\$ (305,784)</u>
<b>Financing activities</b>			
Capital element of lease rentals paid	13(c)	\$ (1,006,234)	\$ (1,104,127)
Interest element of lease rentals paid	13(c)	(11,577)	(22,456)
<b>Net cash outflow from financing activities</b>		<u>\$ (1,017,811)</u>	<u>\$ (1,126,583)</u>
<b>Net increase in cash and cash equivalents</b>		\$ 149,795	\$ 5,593,001
<b>Cash and cash equivalents at 1 April</b>		8,532,040	2,939,039
<b>Cash and cash equivalents at 31 March</b>	13(a)	<u>\$ 8,681,835</u>	<u>\$ 8,532,040</u>

The notes on pages 12 to 34 form part of these financial statements.

# Notes to the financial statements

(Expressed in Hong Kong dollars)

## 1 Status of the company

The company is limited by guarantee, such that under the provisions of the company's memorandum of association, every member shall, in the event of the company being wound up, contribute such amount as may be required to meet the liabilities of the company but not exceeding \$100 per member.

The company has been granted charitable institution status for the purposes of the Inland Revenue Ordinance and is exempt from Hong Kong taxation.

## 2 Significant accounting policies

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

A summary of the significant accounting policies adopted by the company is set out below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the company for the current and prior accounting periods reflected in these financial statements.

### (b) Basis of preparation of financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- Investments in equity securities (see note 2(d)).

The preparation of financial statements in conformity with HKFRSs requires Executive Committee to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



## 2 Significant accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (c) *Changes in accounting policies*

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. None of the developments have had a material effect on how the company's results and financial position for the current or prior periods have been prepared or presented. The company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### (d) *Investments in equity securities*

Investments are recognised/derecognised on the date the company commits to purchase/sell the investments or they expire. Investments in equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss.

Investments in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the company makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(k).

### (e) *Property, plant and equipment*

Property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 2(f)), are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

- |                                 |  |
|---------------------------------|--|
| - Leasehold improvement         | shorter of 4 years or over the lease terms |
| - Furniture and fixtures        | 4 years                                    |
| - Office equipment              | 4 years                                    |
| - Properties leased for own use | Over the lease term                        |



## 2 Significant accounting policies (continued)

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

The carrying amounts of property plant and equipment, including right-of-use assets, are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its fair value less 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 assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

### (f) **Leased assets**

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

At the lease commencement date, the company recognises a right-of-use asset and a lease liability, except for leases of low-value assets. When the company enters into a lease in respect of a low-value asset, the company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(e)).



## 2 Significant accounting policies (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

### (g) Receivables

A receivable is recognised when the company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Other receivables are initially measured at fair value plus transaction costs. All receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

The loss allowance is measured at an amount equal to lifetime expected credit losses ("ECLs"), which are those losses that are expected to occur over the expected life of the trade receivables. The loss allowance is estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The company recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of trade and other receivables through a loss allowance account.

The gross carrying amount of a trade debtor or other receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.



## **2 Significant accounting policies (continued)**

### **(h) Payables**

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

### **(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

### **(j) Employee benefits**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

### **(k) Revenue and other income**

Government subventions, donations from The Community Chest of Hong Kong and fees from regular subverted program and Saturday/Self-financing program are accounted for on an accrual basis.

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

Donations and other income are recognised when the company becomes entitled to the donations and other income, which is generally upon receipt of cash.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the company will comply with the conditions attaching to them. Grants that compensate the company for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

### **(l) Translation of foreign currencies**

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

## 2 Significant accounting policies (continued)

### (m) Related parties

- (a) A person, or a close member of that person's family, is related to the company if that person:
  - (i) has control or joint control over the company;
  - (ii) has significant influence over the company; or
  - (iii) is a member of the key management personnel of the company or the company's parent.
- (b) An entity is related to the company if any of the following conditions applies:
  - (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) 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).
  - (viii) The entity, or any member of a group which it is part, provides key management personnel services to the company or to the company's parent.

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



### 3 Funds managed by the company

#### (a) General fund

The fund is used to finance the general running of the Early Education and Training Centre.

#### (b) Capital fund

The fund represents income received which is to cover the deficiency in general fund.

#### (c) Specific fund

The fund represents donations received which is to be used in accordance with the donors' wishes.

### 4 Principal sources of revenue

	General Fund		Capital Fund		Specific Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Social welfare subvention	\$ 15,973,963	\$ 17,445,784	\$ -	\$ -	\$ -	\$ -	\$ 15,973,963	\$ 17,445,784
Fees from regular subvented program and Saturday/Self-financing program	6,474,355	5,965,300	-	-	-	-	6,474,355	5,965,300
Donations from The Community Chest of Hong Kong	1,041,100	1,145,210	-	-	-	-	1,041,100	1,145,210
Lotteries Fund Block Grant (note 16)	288,000	240,000	-	-	-	-	288,000	240,000
Other donations (note 9)	-	-	329,200	417,094	376,709	1,226,881	705,909	1,643,975
	<u>\$ 23,777,418</u>	<u>\$ 24,796,294</u>	<u>\$ 329,200</u>	<u>\$ 417,094</u>	<u>\$ 376,709</u>	<u>\$ 1,226,881</u>	<u>\$ 24,483,327</u>	<u>\$ 26,440,269</u>



## 5 Other revenue and other net gain/(loss)

	General Fund		Capital Fund		Specific Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Other revenue</b>								
Social Welfare Development Fund	\$ 10,150	\$ 98,498	\$ -	\$ -	\$ -	\$ -	\$ 10,150	\$ 98,498
Training subsidy program	890,876	855,508	-	-	-	-	890,876	855,508
On-Site Pre-School Rehabilitation Services	244,851	453,657	-	-	-	-	244,851	453,657
Special grant to step up preventive measures against the spread of COVID-19 expenses	29,664	90,000	-	-	-	-	29,664	90,000
Sales of raffle tickets	-	-	-	312,500	-	-	-	312,500
Income from subsidy for rental expense	114,103	889,618	-	-	-	-	114,103	889,618
Income from summer program	-	-	630,700	45,788	-	-	630,700	45,788
Membership fee	13,600	13,700	-	-	-	-	13,600	13,700
Interest income	-	2	139,563	139,282	-	-	139,563	139,282
Dividend income	-	-	66,913	51,734	-	-	66,913	51,734
Government grants (note (i))	-	2,043,990	-	-	-	-	-	2,043,990
Time Limited Project	134,636	54,771	-	-	-	-	134,636	54,771
Ethnic Minority Fund	-	50,000	-	-	-	-	-	50,000
Wffi Project	26,352	-	-	-	-	-	26,352	-
Others	71,518	63,644	900	1,720	-	-	72,418	65,364
	<u>\$ 1,535,750</u>	<u>\$ 4,613,388</u>	<u>\$ 838,076</u>	<u>\$ 551,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,373,826</u>	<u>\$ 5,164,412</u>
<b>Other net gain</b>								
Net foreign exchange gain	\$ 209,530	\$ 393,354	\$ -	\$ -	\$ -	\$ -	\$ 209,530	\$ 393,354
Loss on disposal on plant and equipment	-	(2,072)	-	-	-	-	-	(2,072)
	<u>\$ 209,530</u>	<u>\$ 391,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,530</u>	<u>\$ 391,282</u>

Note (i): During the year ended 31 March 2021, the company successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the company was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

## 6 Staff costs

	General Fund 2022	2021	Capital Fund 2022	2021	Specific Fund 2022	2021	Total 2022	2021
Contributions to defined contribution retirement plans	\$ 924,019	\$ 898,558	\$ -	\$ -	\$ -	\$ -	\$ 924,019	\$ 898,558
Salaries, wages and other benefits	22,676,501	20,778,350	-	-	-	-	22,676,501	20,778,350
	<u>\$ 23,600,520</u>	<u>\$ 21,676,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,600,520</u>	<u>\$ 21,676,908</u>

## 7 Other operating expenses

	General Fund 2022	2021	Capital Fund 2022	2021	Specific Fund 2022	2021	Total 2022	2021
Rent and rates	\$ 58,380	\$ 51,287	\$ -	\$ -	\$ -	\$ -	\$ 58,380	\$ 51,287
Printing and stationery	102,575	110,500	-	-	-	-	102,575	110,500
Utilities	134,157	81,844	-	-	-	-	134,157	81,844
Insurance	88,517	91,015	-	-	-	-	88,517	91,015
Training material	23,383	20,096	-	-	-	-	23,383	20,096
Food	17,396	16,671	-	-	-	-	17,396	16,671
Cleaning	86,835	42,696	-	-	-	-	86,835	42,696
Repairs and maintenance	138,655	132,243	-	-	-	-	138,655	132,243
Depreciation	1,904,820	1,173,682	-	-	99,913	347,985	2,004,733	1,521,667
MPT & MOT programme	320,000	135,000	-	-	-	-	320,000	135,000
OPRS	158,314	268,344	-	-	-	-	158,314	268,344
Special grant to step up preventive measures against the spread of COVID-19 expenses	29,664	91,974	-	-	-	-	29,664	91,974
Miscellaneous	359,676	376,185	-	52,128	9,232	3,080	368,908	431,393
	<u>\$ 3,422,372</u>	<u>\$ 2,591,537</u>	<u>\$ -</u>	<u>\$ 52,128</u>	<u>\$ 109,145</u>	<u>\$ 351,065</u>	<u>\$ 3,531,517</u>	<u>\$ 2,994,730</u>

Included in miscellaneous operating expenses are expenses of \$Nil (2021: \$52,128) incurred in relation to the sales of raffle tickets during the year ended 31 March 2022.

## 8 Finance costs

	General Fund 2022	2021	Capital Fund 2022	2021	Specific Fund 2022	2021	Total 2022	2021
Interest on lease liabilities	\$ 11,577	\$ 22,456	\$ -	\$ -	\$ -	\$ -	\$ 11,577	\$ 22,456



## 9 Other donations

The amounts represent donations received during the year from the following sources:

	2022	2021
<b>Capital Fund:</b>		
Chanel Hong Kong Limited	\$ -	\$ 15,000
ESF International Kindergarten, Tung Chung	18,630	-
Harrow International School Foundation Limited	-	25,657
HCS Foundation – In Memory of Mrs Pamela Sani	10,000	-
Italian Chamber of Commerce	75,400	-
Mr. Hoi Fung Kwong	10,000	-
Mr. Jack Chi Kao Hsu	-	20,000
Mr. Mun Cheng Ng	50,000	-
Mr. Stephan Walther Trieb	20,000	-
Mr. Thomas Wadle	-	10,650
Mr. Wayne Wen Tsui Tsou and Mrs. Namseon Park Tsou	-	25,000
Mr. Ying Choi Leung	10,000	10,000
Mr. Yiu Kei Ip	10,000	-
Ms. Gladys Ho	-	50,000
Ms. Katherine Kar Ling Lau	10,000	-
The American Women's Association	-	35,340
The Incorporation Trustees of the Zoroastrian Charity Funds	60,000	60,000
VISION A.S. Limited	10,000	-
Others	45,169	165,447
	<u>\$ 329,199</u>	<u>\$ 417,094</u>
<b>Specific Fund:</b>		
Ms. Dorothy Shu Ping Fan	\$ -	\$ 10,000
HSBC Trustee (HK)	-	50,000
The Hong Kong Jockey Club Charities Trust	208,800	-
Mr. Chiu Fai Yiu	20,000	-
Rusy & Purviz Shroff Charitable Foundation	-	1,079,120
Sarjan Charity Foundation	42,500	-
Ms. Kitty Kit Yee So	-	10,000
The American Women's Association	42,720	-
The Ohel Leah Synagogue Charity	50,000	10,000
Others	12,690	67,761
	<u>\$ 376,710</u>	<u>\$ 1,226,881</u>
	<u>\$ 705,909</u>	<u>\$ 1,643,975</u>



## 10 Executive Committee members' emoluments

Executive Committee members' emoluments disclosed pursuant to section 383 of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2022	2021
Fees	\$ Nil	\$ Nil
Other emoluments	Nil	Nil

## 11 Other financial assets

	2022	2021
<b>Equity securities measured at FVOCI (non-recycling)</b>		
- Equity securities, at fair value (see note (i))	\$ 1,373,075	\$ 1,410,702

Fair values of equity securities listed in Hong Kong are as follows:

Name of company	2022	2021
Bank of China Limited	\$ 378,000	\$ 354,000
China Life Insurance Company Limited	108,360	144,360
China Mobile Limited	108,200	101,800
HSBC Holdings plc	378,912	317,741
Industrial & Commercial Bank of China Ltd.	165,873	192,081
Tracker Fund of Hong Kong	233,730	300,720
	<u>\$ 1,373,075</u>	<u>\$ 1,410,702</u>

Note:

- (i) The company designated these equity securities as FVOCI (non-recycling), as the investment is held for strategic purposes. Dividends received on these investments during the year ended 31 March 2022 amounted to \$66,913 (2021: \$51,734).

## 12 Property, plant and equipment

	<i>Leasehold improvement</i>	<i>Furniture and fixtures</i>	<i>Office equipment</i>	<i>Properties leased for own use</i>	<i>Total</i>
<b>Cost:</b>					
At 1 April 2020	\$ 5,328,010	\$ 236,426	\$ 1,117,094	\$ 2,043,858	\$ 8,725,388
Additions	970,000	229,660	86,347	260,408	1,546,415
Disposals	-	(29,137)	(30,487)	-	(59,624)
At 31 March 2021	<u>\$ 6,298,010</u>	<u>\$ 436,949</u>	<u>\$ 1,172,954</u>	<u>\$ 2,304,266</u>	<u>\$ 10,212,179</u>
<b>Accumulated depreciation:</b>					
At 1 April 2020	\$ 5,223,779	\$ 220,996	\$ 923,573	\$ 524,299	\$ 6,892,647
Charge for the year	319,270	42,218	107,139	1,053,040	1,521,667
Write back on disposals	-	(28,728)	(28,824)	-	(57,552)
At 31 March 2021	<u>\$ 5,543,049</u>	<u>\$ 234,486</u>	<u>\$ 1,001,888</u>	<u>\$ 1,577,339</u>	<u>\$ 8,356,762</u>
<b>Net book value:</b>					
At 31 March 2021	<u>\$ 754,961</u>	<u>\$ 202,463</u>	<u>\$ 171,066</u>	<u>\$ 726,927</u>	<u>\$ 1,855,417</u>
	<i>Leasehold improvement</i>	<i>Furniture and fixtures</i>	<i>Office equipment</i>	<i>Properties leased for own use</i>	<i>Total</i>
<b>Cost:</b>					
At 1 April 2021	\$ 6,298,010	\$ 436,949	\$ 1,172,954	\$ 2,304,266	\$ 10,212,179
Additions	62,151	6,098	406,359	2,165,777	2,640,385
Disposals	-	(799)	(52,965)	-	(53,764)
At 31 March 2022	<u>\$ 6,360,161</u>	<u>\$ 442,248</u>	<u>\$ 1,526,348</u>	<u>\$ 4,470,043</u>	<u>\$ 12,798,800</u>
<b>Accumulated depreciation:</b>					
At 1 April 2021	\$ 5,543,049	\$ 234,486	\$ 1,001,888	\$ 1,577,339	\$ 8,356,762
Charge for the year	777,014	63,853	104,700	1,059,166	2,004,733
Write back on disposals	-	(799)	(52,965)	-	(53,764)
At 31 March 2022	<u>\$ 6,320,063</u>	<u>\$ 297,540</u>	<u>\$ 1,053,623</u>	<u>\$ 2,636,505</u>	<u>\$ 10,307,731</u>
<b>Net book value:</b>					
At 31 March 2022	<u>\$ 40,098</u>	<u>\$ 144,708</u>	<u>\$ 472,725</u>	<u>\$ 1,833,538</u>	<u>\$ 2,491,069</u>



## 12 Plant and equipment (continued)

### (a) *Right-of-use assets*

The analysis of the net book value of right-of-use assets is as follows:

	2022	2021
Properties leased for own use	\$ 1,833,538	\$ 726,927

The company has obtained the right to use other properties as its training centres through lease agreements. The lease terms of the company's leases vary in accordance with the market practice in the relevant geographic locations and are ranging from one to two years. None of the leases includes variable lease payments.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022	2021
Depreciation charge of properties leased for own use	\$ 1,059,166	\$ 1,053,040
Interest on lease liabilities (note 8)	11,577	22,456

During the year ended 31 March 2022, additions to right-of-use assets were \$2,165,777 (2021: \$260,408). This amount is primarily related to the capitalised lease payments payable under new lease agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 13(d) and 14 respectively.

**13 Deposits maturing beyond three months when placed and cash and cash equivalents**

**(a) Deposits maturing beyond three months when placed and cash and cash equivalents comprise:**

	2022	2021
Deposits maturing beyond three months when placed	\$ 11,116,981	\$ 8,987,423
Cash at bank and on hand	\$ 8,681,835	\$ 8,532,040
Cash and cash equivalents in the statement of financial position and the cash flow statement	\$ 8,681,835	\$ 8,532,040

**(b) Reconciliation of (deficit)/surplus for the year to cash generated from operations:**

	Note	2022	2021
(Deficit)/surplus for the year		\$ (76,931)	\$ 7,301,869
Adjustments for:			
Interest income	5	(139,563)	(139,284)
Dividend income	5	(66,913)	(51,734)
Depreciation	7	2,004,733	1,521,667
Finance costs	8	11,577	22,456
Foreign exchange gain		(208,253)	(394,306)
Loss on disposal on plant and equipment	5	-	2,072
Changes in working capital:			
Decrease/(increase) in deposits, other receivables and prepayments		1,382,104	(465,609)
Increase/(decrease) in other payables and accrued expenses		450,289	(771,763)
<b>Cash generated from operations</b>		<b>\$ 3,357,043</b>	<b>\$ 7,025,368</b>



### 13 Deposits maturing beyond three months when placed and cash and cash equivalents (continued)

#### (c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the company's cash flow statement as cash flows from financing activities.

	<i>Lease liabilities</i>
<b>At 1 April 2020</b>	\$ 1,611,464
<b>Changes from financing cash flows:</b>	
Capital element of lease rentals paid	\$ (1,104,127)
Interest element of lease rentals paid	(22,456)
	\$ (1,126,583)
<b>Other changes:</b>	
Increase in lease liabilities from new leases entered during the year	\$ 260,408
Interest on lease liabilities (note 8)	22,456
	\$ 282,864
<b>At 31 March 2021 and 1 April 2021</b>	\$ 767,745
<b>Changes from financing cash flows:</b>	
Capital element of lease rentals paid	\$ (1,006,234)
Interest element of lease rentals paid	(11,577)
	\$ (1,017,811)
<b>Other changes:</b>	
Increase in lease liabilities from new leases entered during the year	\$ 2,165,777
Interest on lease liabilities (note 8)	11,577
	\$ 2,177,354
<b>At 31 March 2022</b>	\$ 1,927,288

### 13 Deposits maturing beyond three months when placed and cash and cash equivalents (continued)

#### (d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following and wholly represent lease rentals paid.

	2022	2021
Within financing cash flows	\$ 1,017,811	\$ 1,126,583

### 14 Lease liabilities

The following table shows the remaining contractual maturities of the company's lease liabilities at the end of the reporting period:

	2022		2021	
	<i>Present value of the minimum lease payments</i>	<i>Total minimum lease payments</i>	<i>Present value of the minimum lease payments</i>	<i>Total minimum lease payments</i>
Within 1 year	\$ 1,230,287	\$ 1,243,409	\$ 767,745	\$ 773,056
After 1 year but within 2 years	697,001	699,421	-	-
	<u>\$ 1,927,288</u>	<u>\$ 1,942,830</u>	<u>\$ 767,745</u>	<u>\$ 773,056</u>
Less: total future interest expenses		(15,542)		(5,311)
Present value of lease liabilities		<u>\$ 1,927,288</u>		<u>\$ 767,745</u>

### 15 Accumulated Surplus - General Fund

At 31 March 2022, the accumulated surplus in General Fund was represented by the following reserve items:

	2022	2021
Lotteries Fund Block Grant Reserve (note 16)	\$ 592,300	\$ 319,420
Surplus fund transferred in from Capital Fund	4,432,293	6,225,414
Surplus subvention	20,955	12,485
	<u>\$ 5,045,548</u>	<u>\$ 6,557,319</u>



## 16 Lotteries Fund Block Grant Reserve

	2022	2021
At 1 April	\$ 319,420	\$ 98,538
Block Grant received during the year (note 4)	288,000	240,000
Interest income received during the year	5	2
Expenditure during the year	(15,125)	(19,120)
At 31 March	<u>\$ 592,300</u>	<u>\$ 319,420</u>

Block Grant received during the year included \$288,000 (2021: \$240,000) recognised in General Fund.

Expenditure during the year included repair and maintenance expense of \$15,125 (2021: \$19,120) recognised in the General Fund.

### Capital Commitments

As at 31 March 2022, the outstanding commitment in respect of Furniture and Equipment Replenishment and Minor Works Block Grant was nil.

## 17 Fair value reserve (non-recycling)

At 1 April 2020	\$ (26,330)
Net movement during the year	<u>61,539</u>
At 31 March and 1 April 2021	\$ 35,209
Net movement during the year	<u>(37,627)</u>
At 31 March 2022	<u>\$ (2,418)</u>

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 2(d)).

## 18 Social Welfare Development Fund

The cash changes in Social Welfare Development Fund are disclosed as follows:

### Phase III

	2022	2021
At the beginning of the year	\$ 257,839	\$ 318,333
Adjustment for staff training and development	4,150	-
Allocation received during the year	22,000	38,000
Interest income received	3	4
Expenditure during the year		
- Expenditure for projects under Scope A	(8,150)	(13,709)
- Expenditure for projects under Scope B (IT)	-	(83,789)
- Expenditure for administrative support	(2,000)	(1,000)
At the end of the year	<u>\$ 273,842</u>	<u>\$ 257,839</u>

Expenditure during the year included staff costs of \$2,000 (2021: \$1,000), IT expenses \$Nil (2021: \$83,789) and training expenses of \$8,150 (2021: \$13,709) recognised in the General Fund.

## 19 Wi-Fi project

	2022	2021
<b>Income</b>		
Allocation received during the year	<u>\$ 26,400</u>	<u>\$ 26,400</u>
<b>Expenditure</b>		
Implementation and Installation	\$ -	\$ (45,000)
FIBER Internet Connection	<u>(26,352)</u>	<u>(10,732)</u>
<b>Total expenditure</b>	<u>\$ (26,352)</u>	<u>\$ (55,732)</u>
Surplus/(deficit) for the year	\$ 48	\$ (29,332)
Add: Accumulated surplus at the beginning of the year	<u>42,068</u>	<u>71,400</u>
<b>Accumulated surplus at the end of the year</b>	<u>\$ 42,116</u>	<u>\$ 42,068</u>

All income and expenditure were received and incurred for the Wi-Fi project and in accordance with the Lotteries Fund Manual and the instructions issued by Social Welfare Department.



## 20 Time-limited posts projects

### Job Creation Scheme 1.0

2022

2021

#### Income

Allocation received during the year	\$ 130,800	\$ 130,800
-------------------------------------	------------	------------

#### Expenditure

Time-limited post salaries	\$ (70,000)	\$ (50,000)
Time-limited post provident fund	(3,500)	(2,500)
Time-limited post administrative expenses	(400)	(2,271)

#### Total expenditure

\$ (73,900)	\$ (54,771)
-------------	-------------

Surplus for the year	\$ 56,900	\$ 76,029
Add: Accumulated surplus at the beginning of the year	76,029	-

Accumulated surplus at the end of the year	\$ 132,929	\$ 76,029
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### Job Creation Scheme 2.0

2022

2021

#### Income

Allocation received during the year	\$ 130,800	\$ -
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#### Expenditure

Time-limited post salaries	\$ (57,032)	\$ -
Time-limited post provident fund	(2,000)	-
Time-limited post administrative expenses	(1,704)	-

#### Total expenditure

\$ (60,736)	\$ -
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Surplus for the year	\$ 70,064	\$ -
Add: Accumulated surplus at the beginning of the year	-	-

Accumulated surplus at the end of the year	\$ 70,064	\$ -
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All income and expenditure were received and incurred for the Time-limited posts projects in accordance with the instruction issued by Social Welfare Department.

## 21 Special Grant to Step up Preventive Measures against the Spread of Severe Respiratory Disease associated with a Novel Infectious Agent

	2022	2021
Allocation received during the year	\$ 60,000	\$ 90,000
Expenditure during the year		
- Purchase of personal protective equipment	(25,230)	(14,981)
- Purchase of disinfection supplies	-	(24,468)
- Employment of helping hands	-	(31,500)
- Hiring services	(4,434)	(21,025)
	<u>\$ 30,336</u>	<u>\$ (1,974)</u>

## 22 Financial risk management and fair values of financial instruments

Exposure to credit and liquidity risks arises in the normal course of the company's business. The company is also exposed to equity price risk arising from its equity investments in other entities.

The company's exposure to these risks and the financial risk management policies and practices used by the company to manage these risks are described below.

### (a) Credit risk

The company's credit risk is primarily attributable to other receivables and prepayments. Normally, the company does not obtain collateral from its debtors. The credit risk of the balances is low and management considers the ECLs of the balances are insignificant.

### (b) Liquidity risk

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



## 22 Financial risk management and fair values of financial instruments (continued)

The following table details the remaining contractual maturities at the end of the reporting period of the company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date of the company can be required to pay:

	2022			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	More than 1 year but within 2 years	Total	Carrying amount at 31 March
Other payables and accrued expenses	\$ 1,660,086	\$ -	\$ 1,660,086	\$ 1,660,086
Lease liabilities	1,243,409	699,421	1,942,830	1,927,288
	<u>\$ 2,903,495</u>	<u>\$ 699,421</u>	<u>\$ 3,602,916</u>	<u>\$ 3,587,374</u>

	2021			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	More than 1 year but within 2 years	Total	Carrying amount at 31 March
Other payables and accrued expenses	\$ 1,209,797	\$ -	\$ 1,209,797	\$ 1,209,797
Lease liabilities	773,056	-	773,056	767,745
	<u>\$ 1,982,853</u>	<u>\$ -</u>	<u>\$ 1,982,853</u>	<u>\$ 1,977,542</u>

### (c) Equity price risk

The company is exposed to equity price changes arising from equity investments classified as equity securities (see note 11), which are listed on The Stock Exchange of Hong Kong Limited. Listed investments that are not held for trading purposes have been chosen based on their long-term growth potential and are monitored regularly for performance against expectations.

## 22 Financial risk management and fair values of financial instruments (continued)

The following table indicates the approximate change in the company's equity in response to reasonably possible changes in the share price of equity securities to which the company has significant exposure at the end of the reporting period.

	2022		2021	
	<i>Increase/ (decrease) in share price</i>	<i>Effect on other components of equity</i>	<i>Increase/ (decrease) in share price</i>	<i>Effect on other components of equity</i>
Market price of equity investments	20% (20%)	\$ 274,615 (274,615)	20% (20%)	\$ 282,140 (282,140)

The sensitivity analysis above indicates the instantaneous change on the company's fair value reserve that would arise assuming that the change in the share price had occurred at the end of the reporting period and had been applied to re-measure those financial instruments which expose the company to equity price risk at the end of reporting period. It is also assumed that all other variables remain constant. The analysis is performed on the same basis for 2021.

### (d) Fair value measurement

#### (i) Financial instruments measured at fair value

##### *Fair value hierarchy*

HKFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

At 31 March 2022, the only financial instruments of the company carried at fair value were equity securities of \$1,373,075 (2021: \$1,410,702) listed on The Stock Exchange of Hong Kong Limited (see note 11). These instruments are measured at fair value on a recurring basis and their fair value measurements fall into Level 1 of the fair value hierarchy described above.



## 22 Financial risk management and fair values of financial instruments (continued)

During the years ended 31 March 2022 and 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

### (ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2022 and 2021.

## 23 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 March 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the company.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 3, <i>Reference to the conceptual framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, plant and equipment: Proceeds before intended use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts-cost of fulfilling a contract</i>	1 January 2022
Annual improvements to HKFRSs 2018 - 2020 cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023

The company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.