

**ACCA CHARITABLE  
FOUNDATION LIMITED**  
**REPORTS AND  
FINANCIAL  
STATEMENTS**

# CONTENTS

# GOVERNORS' REPORT

The governors present their annual report together with the audited financial statements of ACCA Charitable Foundation Limited (the 'Company') for the year ended 31 March 2021.

## PRINCIPAL ACTIVITY

The principal activity of the Company is raising funds for donations to charitable organisations.

## RESULTS

The Company's results for the year ended 31 March 2021 and the Company's financial position at that date are set out in the financial statements on pages 6 and 7.

## BUSINESS REVIEW

In accordance with section 388(3)(a) of the Hong Kong Companies Ordinance, the Company falls within reporting exemption for the year. Accordingly, the Company is exempted from preparing a business review.

## DONATIONS

During the year, the Company made charitable donations of HK\$742,500 (2020: Nil).

## GOVERNORS

The governors of the Company who held office during the year and up to the date of this report were:

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Cheng Wai Jeng

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Wong Kin Wah Kenneth  
(resigned on 18 September 2020)

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Wong Yiu Kit Ernest

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Tan Yuen Chun Jennifer  
(appointed on 18 September 2020)

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In accordance with the Company's articles of association, all existing governors retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

## GOVERNORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

None of the governors had a material interests in transaction, arrangements and contracts of significance, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## GOVERNORS' INTERESTS

At no time during the year was the Company a party to any arrangements to enable the governors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## PERMITTED INDEMNITY PROVISIONS

A permitting indemnity provision for the benefit of the governors of the Company is currently in force throughout the year.

## AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Aoba CPA Limited as auditor of the Company.

On behalf of the Board



Wong Yiu Kit Ernest  
Chairman  
24 June 2021

# INDEPENDENT AUDITOR'S REPORT

## **TO THE BOARD OF GOVERNORS OF ACCA CHARITABLE FOUNDATION LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **OPINION**

We have audited the financial statements of ACCA Charitable Foundation Limited (the 'Company') set out on pages 6 to 19, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in accumulated fund 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 Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with the 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.

### **OTHER INFORMATION**

The governors are responsible for the other information. The other information comprises the information included in the governors' 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 GOVERNORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

The governors 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 governors 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 governors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

### **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. We report our opinion 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governors.
- Conclude on the appropriateness of the governors' 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 board of governors and 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.

A handwritten signature in black ink that reads "Aoba CPA Ltd." in a cursive, slightly slanted script.

**Aoba CPA Limited**

Certified Public Accountants

Lee Man Ha

Practising certificate number: P06076

24 June 2021

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year Ended 31 March 2021

	Notes	2021 HKD	2020 HKD
<b>Revenue</b>			
Net surplus from the ACCA Community Day	4	818,000	-
Rebate donations from affinity credit cards	5	42,562	61,677
Bank interest income		69	620
		<hr/> 860,631	<hr/> 62,297
<b>Expenditure</b>			
Accounting fee		(19,000)	(18,000)
Bank charges		(1,616)	(1,390)
Charitable donations	6	(742,500)	-
Transportation		(44,400)	(37,700)
Sundry expenses		(7,500)	(3,018)
Surplus before taxation	7	<hr/> 45,615	<hr/> 2,189
Taxation	8	-	-
Surplus and total comprehensive income for the year		<hr/> 45,615	<hr/> 2,189

# STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HKD	2020 HKD
<b>Current assets</b>			
Other receivables	9	37,388	23,158
Cash and bank balances		1,039,835	1,007,450
		<u>1,077,223</u>	<u>1,030,608</u>
<b>Current liability</b>			
Other payables		19,000	18,000
		<u>1,058,223</u>	<u>1,012,608</u>
<b>Net assets</b>			
		<u>1,058,223</u>	<u>1,012,608</u>
Accumulated fund		<u>1,058,223</u>	<u>1,012,608</u>

The financial statements on pages 6 to 19 were approved and authorised for issue by the Board of Governors on 24 June 2021 and are signed by:



**Wong Yiu Kit Ernest**  
Governor



**Cheng Wai Jeng**  
Governor



# STATEMENT OF CHANGES IN ACCUMULATED FUND

For the year Ended 31 March 2021

	Accumulated fund HKD
Balance at 1 April 2019	1,010,419
Surplus and total comprehensive income for the year	2,189
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Balance at 31 March 2020	1,012,608
Surplus and total comprehensive income for the year	45,615
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Balance at 31 March 2021	1,058,223
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# STATEMENT OF CASH FLOWS

For the year Ended 31 March 2021

	2021 HKD	2020 HKD
<b>Operating Activities:</b>		
Surplus before taxation	45,615	2,189
Adjustments for:		
Bank interest income	(69)	(620)
Operating cash flows before movements in working capital	45,546	1,569
Increase in other receivables	(14,230)	(23,158)
Increase in other payables	1,000	-
Net cash generated from (used in) operating activities	32,316	(21,589)
Cash generated from an investing activity		
Bank interest received	69	620
Net increase (decrease) in cash and cash equivalents	32,385	(20,969)
Cash and cash equivalents at beginning of the year	1,007,450	1,028,419
Cash and cash equivalents at end of the year	1,039,835	1,007,450
Analysis of the balance of cash and cash equivalents:		
Cash and bank balances	1,039,835	1,007,450

# NOTES TO THE FINANCIAL STATEMENTS

For the year Ended 31 March 2021

## 1. GENERAL

ACCA Charitable Foundation Limited (the 'Company') is a company incorporated in Hong Kong limited by guarantee and not having a share capital. The liability of the members is limited to HKD100 per member in the event of the Company being wound up, whilst they remain a member, or within one year after they cease to be a member. The Company's registered office and the principal place of business is located at Room 03-04, 30/F, Oxford House, 979 King's Road, Quarry Bay, Hong Kong.

The Company is a non-profit making organisation and the principal activity of the Company is raising funds for donations to charitable organisations.

The financial statements are presented in Hong Kong dollars ('HKD'), which is also functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ('HKFRS(S)')

### **New and amendments to HKFRSs that are mandatorily effective for the current year.**

In the current year, the Company has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ('HKICPA') for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

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

The Company has not early applied any new or amendments to HKFRSs that have been issued but are not yet effective. The governors anticipate that their application will have no material impact on the financial performance and position of the Company.

**3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES****3.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

The financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 'Share-based Payment', leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 'Inventories' or value in use in HKAS 36 'Impairment of Assets'.

The significant accounting policies are set out below.

**3.2 SIGNIFICANT ACCOUNTING POLICIES*****Revenue***

Net surplus from ACCA Community Day is recognised on an accrual basis upon the completion of the ACCA Community Day.

Donations are recognised on an accrual basis when receipt thereof is certain.

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

***Financial instruments***

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

### ***Financial assets***

#### ***Classification and subsequent measurement of financial assets***

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

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

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

#### ***Amortised cost and interest income***

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

**Impairment of financial assets**

The Company performs impairment assessment under expected credit loss ('ECL') model on financial assets (including other receivables and cash and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

**(i) Significant increase in credit risk**

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

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

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

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when

contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

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

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

**(ii) Definition of default**

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

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

**(iii) Credit-impaired financial assets**

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

**(iv) Measurement and recognition of ECL**

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given

default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

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

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

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

The Company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors where the corresponding adjustment is recognised through a loss allowance account.

### ***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### ***Financial liability and equity***

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

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

#### ***Equity instruments***

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



**Financial liability at amortised cost**

Financial liability (including other payables) is subsequently measured at amortised cost, using the effective interest method.

**Derecognition of financial liabilities**

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

**Foreign Currencies**

In preparing the financial statements of the company, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

**4. NET SURPLUS FROM THE ACCA COMMUNITY DAY**

	2021 HKD	2020 HKD
<b>Income</b>		
Sponsorships	823,000	-
<b>Expenditure</b>		
Promotion fee	5,000	-
	<b>818,000</b>	<b>-</b>

Note: No public subscription permit was required for the 2020 and 2019 Community Day held on 21 December 2020 and 13 January 2019 respectively.

**5. REBATE DONATIONS FROM AFFINITY CREDIT CARDS**

Under the agreement of the affinity credit card between Dah Sing Bank and Association of Chartered Certified Accountants ('ACCA') Hong Kong Branch, Dah Sing Bank will rebate on a monthly basis from 0.15% to 0.25% on the amount of detail spending by the affinity card holders to ACCA Charitable Foundation Limited.

**6. CHARITABLE DONATIONS**

	2021 HKD	2020 HKD
Hong Kong Broadband Network	42,000	
Hong Kong Polytechnic University	200,000	-
Hong Kong Society for the Blind	98,000	-
AnAn Internation Education Foundation Hong Kong (Charity) Limited	185,000	-
Changing Young Lives Foundation	217,500	-
	<hr/> 742,500	<hr/> -

**7. SURPLUS BEFORE TAXATION**

The governors of the Company received no remuneration for their services to the Company during both years.

The audit of these financial statements has been performed on an honorary basis.

**8. TAXATION**

The Company is a charitable organisation within the meaning of Section 88 of the Inland Revenue Ordinance and accordingly is exempted from Hong Kong profits tax.

**9. OTHER RECEIVABLES**

	2021 HKD	2020 HKD
Rebate receivables	3,388	23,158

**10. CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to carry out its principal activities, i.e. raising funds for donations to charitable organisations. The Company's overall strategy remains unchanged from prior years.

The capital structure of the Company consists of accumulated fund. In order to maintain or adjust the capital structure, the Company may appeal for donations from the general public.

**11. FINANCIAL INSTRUMENTS****(A) CATEGORIES OF FINANCIAL INSTRUMENTS**

The carrying amounts of each of the categories of financial instrument at the end of reporting date are as follows:

	2021 HKD	2020 HKD
<b>Financial assets:</b>		
At amortised cost (including cash and cash equivalents)	1,077,223	1,030,608
<b>Financial liabilities:</b>		
At amortised cost	19,000	18,000

**(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's financial instruments include other receivables, cash and bank balances and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. There has been no significant change to the Company's exposure to these risks or the manner in which it manages and measures the risks.

**CURRENCY RISK**

The Company has foreign currency transactions which expose the Company to foreign currency risk.

The carry amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of reporting period is not significant, the Company's income and operating cash flows are substantially independent of change in exchange rate.

**CREDIT RISK AND IMPAIRMENT ASSESSMENT**

As at 31 March 2021, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the statement of financial position.

***Other receivables***

The governors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The governors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Company provided impairment based on 12m ECL. For the

years ended 31 March 2021 and 2020, the Company assessed the ECL for other receivables were insignificant and thus no loss allowance was recognised.

***Bank balances***

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies.

**LIQUIDITY RISK**

Ultimate responsibility for liquidity risk management rests with the board of governors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The financial liability of the Company amounted to HK\$19,000 (2020: HK\$18,000) is interest-free and repayable on demand.

**INTEREST RATE RISKS**

The Company was exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Company manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in floating rate and ensure they are within reasonable range.

The Company's management forecasted that the interest rate would not have significant fluctuation over the next year and the impact of interest rate risk on the Company's income and operating cash flows will not be significant. The analysis is performed on the same basis as for prior year.

**(C) FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

The fair value of financial assets and financial liability are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The governors consider that the carrying amounts of financial assets and financial liability measured at amortised cost in the financial statements approximate to their fair values.