

**ENDEAVOUR EDUCATION CENTRE LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE MEMBERS**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**



**國衛會計師事務所有限公司**  
**Hodgson Impey Cheng Limited**

## **REPORT OF THE MANAGEMENT COMMITTEE MEMBERS**

The management committee members of Endeavour Education Centre Limited (hereinafter referred to as “the Company”) present their report together with the audited financial statements of the Company for the year ended 31 December 2017.

### **Principal activity**

The Company is a company limited by guarantee. The principal activity of the Company is promotion of education in Hong Kong.

### **Results**

The results of the Company for the year/period are set out in the statement of profit or loss and other comprehensive income on page 6.

The state of affairs of the Company as at 31 December 2017 and 2016 is set out in the statement of financial position on page 7.

### **Funds**

Details of the movements in funds as described in the statement of changes in funds on page 8.

### **Management committee members**

The management committee members of the Company during the year and up to the date of this report were:

Ms. Hsu Lai Tai Rita  
Mr. Lee Ming Kwai  
Mr. Leung Kee Cheong  
Mr. Tsang Tak Sing  
Ms. Au King Chi  
Mr. Chen Shuang  
Ms. Leung Oi Sie Elsie

In accordance with Article 21 and 22 of the Company’s Articles of Association, the term of management committee members shall be two years. At the forthcoming annual general meeting of the Company, half of the members of the above management committee shall resign and are eligible for reappointment. At the third annual general meeting, the remaining members of the above management committee shall resign and are eligible for reappointment.

**REPORT OF THE MANAGEMENT COMMITTEE MEMBERS (CONTINUED)**

**Management committee members' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business**

No transactions, arrangements and contracts of significance business to which the Company, was a party and in which a management committee member of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the year/period.

**Management committee members' interests, underlying shares and debentures of the Company or any specified undertaking of the Company**

At no time during the year/period was the Company a party to any arrangement to enable the management committee members of the Company to hold any interests in the shares or debentures of, the Company or its specified undertakings.

**Business review**

The Company has satisfied the exemption criteria set out in Section 388(3)(a) of the Hong Kong Companies Ordinance. Therefore, the management committee members of the Company are not required to prepare the report for the business review in accordance with the Hong Kong Companies Ordinance (Cap. 622).

**Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year/period.

**Auditor**

The financial statements for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting.

On behalf of the management committee members



.....  
Hsu Lai Tai Rita  
Chairman

Hong Kong, 15 June 2018  
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**INDEPENDENT AUDITORS' REPORT  
TO THE MANAGEMENT COMMITTEE MEMBERS OF  
ENDEAVOUR EDUCATION CENTRE LIMITED** 3  
(Incorporated in Hong Kong with limited liability by guarantee)

**OPINION**

We have audited the financial statements of Endeavour Education Centre Limited ("the Company") set out on pages 6 to 27, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**BASIS FOR OPINION**

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

The management committee members are responsible for the other information. The other information comprises the information included in the report of the management committee members, but does not include the financial statements and our auditors' report thereon (the "Other Information").

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 AUDITORS' REPORT  
TO THE MANAGEMENT COMMITTEE MEMBERS OF  
ENDEAVOUR EDUCATION CENTRE LIMITED (CONTINUED)**

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(Incorporated in Hong Kong with limited liability by guarantee)

**RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE MEMBERS FOR THE  
FINANCIAL STATEMENTS**

The management committee members 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 management committee members 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 management committee members 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 management committee members either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The management committee members are responsible for overseeing the Company's financial reporting process.

**AUDITORS' 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 auditors' 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 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.



**INDEPENDENT AUDITORS' REPORT  
TO THE MANAGEMENT COMMITTEE MEMBERS OF  
ENDEAVOUR EDUCATION CENTRE LIMITED (CONTINUED)** \_\_\_\_\_ 5  
(Incorporated in Hong Kong with limited liability by guarantee)

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS  
(CONTINUED)**

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (continued)

- 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 management committee members.
- Conclude on the appropriateness of the management committee members' 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 auditors' 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 auditors' 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 management committee members 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

**Shek Lui**  
Practicing Certificate Number: P05895

Hong Kong, 15 June 2018

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017 (in HK Dollars)	Notes	01/01/2017 to 31/12/2017	15/12/2015 to 31/12/2016
Revenue	6	14,243,400	12,587,900
Other revenue	7	18,685	25,820
Program expenses		(10,824,930)	(7,280,745)
Fundraising and marketing expenses		(2,964)	(8,180)
Administrative expenses		(2,237,978)	(2,199,167)
<b>Surplus before taxation</b>	8	<b>1,196,213</b>	<b>3,125,628</b>
Taxation	9	-	-
<b>Surplus for the year/period</b>		<b>1,196,213</b>	<b>3,125,628</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year/period</b>		<b>1,196,213</b>	<b>3,125,628</b>

The accompanying notes form an integral part of these financial statements.

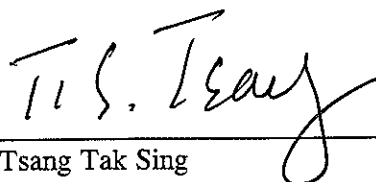
**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2017 (in HK Dollars)	Notes	2017	2016
<b>Non-current asset</b>			
Plant and equipment	10	432,093	542,074
<b>Current assets</b>			
Inventories		56,502	64,086
Deposits and prepayments	11	203,084	535,454
Cash and cash equivalents		3,925,040	2,189,760
		4,184,626	2,789,300
<b>Current liability</b>			
Accruals and other payables		294,878	205,746
<b>Net current assets</b>		3,889,748	2,583,554
<b>Total assets less current liability</b>		4,321,841	3,125,628
<b>Net assets</b>		4,321,841	3,125,628
<b>Funds</b>	12	4,321,841	3,125,628

Approved by the management committee members on 15 June 2018 and signed on its behalf by:



Hsu Lai Tai Rita  
Management Committee Member



Tsang Tak Sing  
Management Committee Member

The accompanying notes form an integral part of these financial statements.



## STATEMENT OF CHANGES IN FUNDS

For the year ended 31 December 2017 (in HK Dollars)

	General Fund		Designated Funds (Note 12(b)(ii))				Subtotal	Total
	BOCHK Charitable Foundation 中銀香港慈善基金	Lam Woo Foundation Limited 林護基金有限公司	China Everbright Charitable Foundation Company Limited 中國光大控股慈善基金有限公司	China Merchants Charitable Foundation Limited 招商局慈善基金會有限公司	Golden Jubilee Charity Foundation 同齡同心慈善基金			
As at date of incorporation	-	-	-	-	-	-	-	-
Surplus/(deficit) and total comprehensive income/(loss) for the period	1,537,521	1,328,544	371,073	(111,510)	-	-	1,588,107	3,125,628
Transfer between funds	(111,510)	-	-	111,510	-	-	111,510	-
As at 31 December 2016 and 1 January 2017	1,426,011	1,328,544	371,073	-	-	-	1,699,617	3,125,628
Surplus/(deficit) and total comprehensive income/(loss) for the year	897,363	(31,088)	(307,280)	329,282	(123,463)	431,399	298,850	1,196,213
Transfer between funds	(123,463)	-	-	-	123,463	-	123,463	-
As at 31 December 2017	2,199,911	1,297,456	63,793	329,282	-	431,399	2,121,930	4,321,841

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2017 (in HK Dollars)	Note	01/01/2017 to 31/12/2017	15/12/2015 to 31/12/2016
<b>Cash flows from operating activities</b>			
Surplus for the year/period		1,196,213	3,125,628
<b>Adjustment for:</b>			
Depreciation on plant and equipment	10	134,089	107,289
<b>Operating surplus before changes in working capital</b>		1,330,302	3,232,917
Decrease/(increase) in inventories		7,584	(64,086)
Decrease/(increase) in deposits and prepayments		332,370	(535,454)
Increase in accruals and other payables		89,132	205,746
<b>Net cash generated from operating activities</b>		1,759,388	2,839,123
<b>Cash flows from investing activity</b>			
Payment for purchase of plant and equipment	10	(24,108)	(649,363)
<b>Net cash used in investing activity</b>		(24,108)	(649,363)
<b>Net increase in cash and cash equivalents</b>		1,735,280	2,189,760
<b>Cash and cash equivalents at the beginning of the year/period</b>		2,189,760	-
<b>Cash and cash equivalents at the end of the year/period</b>		3,925,040	2,189,760
<b>Analysis of cash and cash equivalents</b>			
Cash and cash equivalents		3,925,040	2,189,760

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2017 (in HK Dollars)

**1. GENERAL INFORMATION**

Endeavour Education Centre Limited (“the Company”) is a company limited by guarantee in Hong Kong. The registered office of the Company is located at 1<sup>st</sup> Floor, Tower One, Tern Centre, No.237 Queen’s Road Central, Hong Kong.

The Company is a non-profit making organisation. The Endeavour Education Trust (“the Trust”) was set up on 16 November 2015 for the benefit of the Company and provide financial support for the Company’s operation and development. The Company is engaged in promotion of education in Hong Kong.

The financial statements are presented in Hong Kong Dollars, which is the same as the functional currency of the Company.

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)****New and revised HKFRSs in issue but not yet effective**

The Company has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017 (in HK Dollars)

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**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)****New and revised HKFRSs in issue but not yet effective (continued)**

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

The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the year of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company’s financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES****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”) and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

**Basis of preparation of the financial statements**

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its location and working condition for its intended use. Expenses incurred after item of plant and equipment have been put into operation, such as repair and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful life at the following rates per annum:

Office equipment	20%
Computer	30%
Leasehold improvements	20%

Where parts of an item of plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the period the asset is derecognised is the difference between the net proceeds and the carrying amount of the relevant assets.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is computed using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Inventories (continued)**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired form an integral part of the Company's cash management.

For the purpose of the statement of financial positions, cash and cash equivalents comprise cash on hand and at a bank, which are not restricted to use.

**Revenue recognition**

Provided it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably, revenue is recognised in the statement of profit or loss and other comprehensive income as follows:

(i) Fund from the Trust

Fund from the Trust is recognised on a receipt basis.

(ii) Sponsorship income

Sponsorship income from sponsors is recognised on a receipt basis.

(iii) Campaign income

Campaign income is recognised when campaigns are rendered.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Leasing**

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

***The Company as lessee***

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

**Financial instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at "fair value through profit or loss") 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.

***Financial assets***

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 December 2017 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial instruments (continued)***Effective interest method*

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

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

*Impairment of financial assets*

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

For all other financial assets, objective evidence of impairment could include:

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



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017 (in HK Dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial instruments (continued)***Impairment of financial assets (continued)*

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

**Financial liabilities***Other financial liabilities*

Other financial liabilities (including accruals and other payables) are subsequently measured at amortised cost using the effective interest method.

*Effective interest method*

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

*Derecognition*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial liabilities (continued)***Derecognition (continued)*

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 December 2017 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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) the entity and the Company 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 of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017 (in HK Dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Employee benefits***(i) Short term 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.

*(ii) Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees and a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Employee entitlement to sick leave and maternity or paternity leave is not recognised until the time of leave.

*(iii) Pensions obligations*

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient asset to pay all employees the benefits relating to employee service in the current and prior years.

The Company contributes to a defined contribution mandatory provident fund retirement benefits scheme (the "MPF Scheme") in accordance with the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate. Contributions are made based on a percentage of the employee's basic salaries and charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017 (in HK Dollars)

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**4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES**

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates 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.

**Useful lives and impairment of plant and equipment**

In accordance with HKAS 16, the Company estimates the useful lives of plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Company also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Company tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating units is determined based on value in use calculations which require the use of assumptions and estimates.

**5. FINANCIAL RISK MANAGEMENT**

Exposure to credit and liquidity risks arises in the normal course of the Company's business. The Company's exposure to these risks and financial risks management policies and practices used by the Company to manage these risks and described below:

**a) Credit risk**

The Company's credit risk is primarily attributable to bank deposits. The management maintains a defined credit policy and the exposure to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Company has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017 (in HK Dollars)

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)****b) Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the management committee members, which has built an appropriate liquidity risk management framework to meet the Company's short, medium and long-term funding and liquidity management requirements.

The following table details the remaining contractual maturities at the end of the reporting period of the Company's non-derivative financial liabilities, which are based on the contractual maturity date. The amounts disclosed in the table are the 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 the Company can be required to pay:

As at 31 December 2017				
	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flow	Carrying amount
Accruals and other payables	294,878	-	294,878	294,878
As at 31 December 2016				
	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flow	Carrying amount
Accruals and other payables	205,746	-	205,746	205,746

**c) Fair value of financial instruments**

All financial instruments are stated at amounts not materially different from their fair values as at 31 December 2017 and 2016.

**d) Capital risk management**

The objectives of the Company's capital management are to safeguard its ability to continue as a going concern and to promote its activities in Hong Kong as non-profit making organisation. The company defines "capital" as including the general fund maintained by the Company. The Company manages its capital structure and makes adjustment. No changes were made in the objectives, policies or processes during the year ended 31 December 2017 and the period from 15 December 2015 (date of incorporation) to 31 December 2016.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017 (in HK Dollars)

**6. REVENUE**

Revenue represents the amount received from the Trust and the sponsor of the activities for the year/period. The amount of each significant category of income recognised in revenue during the year/period is as follows:

	01/01/2017 to 31/12/2017	15/12/2015 to 31/12/2016
Campaign income	1,218,400	88,000
Fund received from the Trust	7,200,000	6,849,900
Sponsorship income	5,825,000	5,650,000
	<u>14,243,400</u>	<u>12,587,900</u>

**7. OTHER REVENUE**

	01/01/2017 to 31/12/2017	15/12/2015 to 31/12/2016
Venue income	18,685	15,320
Sundry income	-	10,500
	<u>18,685</u>	<u>25,820</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017 (in HK Dollars)

**8. SURPLUS BEFORE TAXATION**

	01/01/2017	15/12/2015
	to	to
	<u>31/12/2017</u>	<u>31/12/2016</u>
Surplus before taxation is arrived at after charging:		
Auditors' remuneration	-	-
Management committee members' emolument (Note)	-	-
Depreciation of plant and equipment	134,089	107,289
Salaries, wages and other benefits (excluding management committee members' emoluments)	2,567,566	2,003,057
Operating lease rental expenses	592,000	651,890
Cost of inventories expensed	75,247	6,514
	<hr/> <hr/>	<hr/> <hr/>

**Note:**

No remuneration has been paid to the management committee members save as disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation for the year ended 31 December 2017 and the period from 15 December 2015 (date of incorporation) to 31 December 2016.

**9. TAXATION**

No provision for Hong Kong profits tax is provided as the Company has been exempted for all taxes payable by the Hong Kong Inland Revenue Department under Section 88 of Hong Kong Inland Revenue Ordinance.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017 (in HK Dollars)

## 10. PLANT AND EQUIPMENT

	<u>Office equipment</u>	<u>Computer</u>	<u>Leasehold improvements</u>	<u>Total</u>
<b>Cost:</b>				
As at date of incorporation	-	-	-	-
Addition during the period	4,088	25,825	619,450	649,363
As at 31 December 2016 and 1 January 2017	4,088	25,825	619,450	649,363
Addition during the year	-	24,108	-	24,108
As at 31 December 2017	4,088	49,933	619,450	673,471
<b>Accumulated depreciation:</b>				
As at date of incorporation	-	-	-	-
Charge for the period	407	5,220	101,662	107,289
As at 31 December 2016 and 1 January 2017	407	5,220	101,662	107,289
Charge for the year	818	9,381	123,890	134,089
As at 31 December 2017	1,225	14,601	225,552	241,378
<b>Carrying amount:</b>				
As at 31 December 2017	2,863	35,332	393,898	432,093
As at 31 December 2016	3,681	20,605	517,788	542,074

## 11. DEPOSITS AND PREPAYMENTS

	<u>2017</u>	<u>2016</u>
Deposits	191,725	528,669
Prepayments	11,359	6,785
	203,084	535,454

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017 (in HK Dollars)

## 12. FUNDS

## (a) Components of the Company's Funds

The movement of each component of the Company's Funds is set out in the statement of changes in fund.

## (b) Nature and purpose of each fund

(i) *General fund*

General fund is used for the general operation and administration of the Company.

	01/01/2017 to 31/12/2017	15/12/2015 to 31/12/2016
<b>Income</b>		
Fund from the Trust	7,200,000	6,849,900
Campaign income	1,218,400	88,000
Other income	18,685	25,820
	<u>8,437,085</u>	<u>6,963,720</u>
<b>Expenditure</b>		
Program expenses	5,298,780	3,218,852
Fundraising and marketing expenses	2,964	8,180
Administrative expenses	2,237,978	2,199,167
	<u>7,539,722</u>	<u>5,426,199</u>
<b>Surplus for the year/period</b>	<u>897,363</u>	<u>1,537,521</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017 (in HK Dollars)

## 12. FUNDS (CONTINUED)

## (b) Nature and purpose of each fund (continued)

## (ii) Designated funds

Designated funds represent donations that are designated for specific programmes.

For the year ended 31 December 2017

	Designated Funds					Total
	BOCHK Charitable Foundation 中銀香港慈善基金	Lam Woo Foundation Limited 林護基金有限公司	China Everbright Charitable Foundation 中國光大控股慈善基金有限公司	China Merchants Charitable Foundation Limited 招商局慈善基金會有限公司	Golden Jubilee Charity Foundation 同齡同心慈善基金	
Income						
Designated donation from the Trust	3,300,000	-	1,500,000	525,000	500,000	5,825,000
Expenditure						
Programme expenses	(3,331,088)	(307,280)	(1,170,718)	(648,463)	(68,601)	(5,526,150)
Surplus/(deficit) for the year	(31,088)	(307,280)	329,282	(123,463)	431,399	298,850

For the period from 15 December 2015 (date of incorporation) to 31 December 2016

	Designated Funds			Total
	BOCHK Charitable Foundation 中銀香港慈善基金	Lam Woo Foundation Limited 林護基金有限公司	China Everbright Charitable Foundation Company Limited 中國光大控股慈善基金有限公司	
Income				
Designated donation from the Trust	3,400,000	800,000	1,450,000	5,650,000
Expenditure				
Programme expenses	(2,071,456)	(428,927)	(1,561,510)	(4,061,893)
Surplus/(deficit) for the period	1,328,544	371,073	(111,510)	1,588,107

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017 (in HK Dollars)

**13. MEMBERS' LIABILITY**

The Company is not authorised to issue share capital and is limited by guarantee. Under the provision of the Company's articles 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 \$1,000 per member.

**14. OPERATING LEASE COMMITMENTS****The Company as lessee**

The Company has rentals payable for its office premises under operating lease arrangements, with lease term negotiated for two years with fixed rentals.

At the end of the reporting period, the Company had total future minimum lease payable under non-cancellable operating leases with its landlord falling due as follows:

	<u>2017</u>	<u>2016</u>
Within one year	600,000	470,000
In the second to fifth years inclusive	500,000	-
	<u>1,100,000</u>	<u>470,000</u>

**15. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the management committee members on 15 June 2018.

----- End of Notes -----