KPMG

Watchdog Limited

31 March 2018

Contents **Page(s)**

Report of the Executive Committee

The Executive Committee submit herewith its annual report together with the audited financial statements for the year ended 31 March 2018.

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 to mentally handicapped children.

Executive Committee and office bearers

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

Amanda Wong, Chairperson	
Anissa Wong, Vice-Chairperson	(appointed on 4 December 2017)
Kitty So, Vice-Chairperson	(resigned on 4 December 2017)
Shella Cheng, Secretary	
Judy Tong, Treasurer	(appointed on 4 December 2017)
Minnie Ling, Treasurer	(resigned on 4 December 2017)
Sandra Au Yeung	
Dorothy Fan	
Judy Tong	(appointed on 4 December 2017)

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

Amanda Wong

Chairperson

Hong Kong,
29 NOV 2018

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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 31, which comprise the statement of financial position as at 31 March 2018, 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 2018 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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 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 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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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)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Certified Public Accountants

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

29 NOV 2018

Statement of income and expenditure and other comprehensive income for the year ended 31 March 2018

(Expressed in Hong Kong dollars)

	Note	*General Fund* 2018	2017	*Capital Fund* 2018	2017	*Specific Fund* 2018	2017	*Total* 2018	2017
Income									
Principal sources of revenue	4	$ 14,964,239	$ 14,859,583	$ 766,576	$ 975,329	$ 910,797	$ 1,328,762	$ 16,641,612	$ 17,163,674
Other revenue	5	2,719,761	2,377,803	1,917,917	1,747,538	-	-	4,637,678	4,125,341
Total		$ 17,684,000	$ 17,237,386	$ 2,684,493	$ 2,722,867	$ 910,797	$ 1,328,762	$ 21,279,290	$ 21,289,015
Other net gain/(loss)									
Net exchange gain/(loss)	5	$ 432,392	$ (255,384)	$ -	$ -	$ -	$ -	$ 432,392	$ (255,384)
Expenditure									
Staff costs	6	$ 17,712,249	$ 17,527,439	$ -	$ -	$ -	$ -	$ 17,712,249	$ 17,527,439
Other operating expenses	7	1,609,755	1,425,393	181,109	211,920	346,404	335,580	2,137,268	1,972,893
Total		$ 19,322,004	$ 18,952,832	$ 181,109	$ 211,920	$ 346,404	$ 335,580	$ 19,849,517	$ 19,500,332
(Deficit)/surplus for the year		$ (1,205,612)	$ (1,970,830)	$ 2,503,384	$ 2,510,947	$ 564,393	$ 993,182	$ 1,862,165	$ 1,533,299
Other comprehensive income									
Item that may be reclassified to profit or loss:									
Available-for-sale securities:									
– Net movement in the fair value reserve		$ -	$ -	$ 124,320	$ 184,053	$ -	$ -	$ 124,320	$ 184,053
Other comprehensive income for the year		$ -	$ -	$ 124,320	$ 184,053	$ -	$ -	$ 124,320	$ 184,053
Total comprehensive income for the year		$ (1,205,612)	$ (1,970,830)	$ 2,627,704	$ 2,695,000	$ 564,393	$ 993,182	$ 1,986,485	$ 1,717,352

The notes on pages 11 to 31 form part of these financial statements.

Statement of financial position at 31 March 2018
(Expressed in Hong Kong dollars)

	Note	*General Fund* 2018	2017	*Capital Fund* 2018	2017	*Specific Fund* 2018	2017	*Total* 2018	2017
Non-current assets									
Investments in securities	10	$ -	$ -	$ 1,411,902	$ 1,287,582	$ -	$ -	$ 1,411,902	$ 1,287,582
Plant and equipment	11	111,394	161,259	-	-	328,868	603,119	440,262	764,378
		$ 111,394	$ 161,259	$ 1,411,902	$ 1,287,582	$ 328,868	$ 603,119	$ 1,852,164	$ 2,051,960
Current assets									
Other receivables and prepayments		$ 916,557	$ 781,236	$ -	$ -	$ -	$ -	$ 916,557	$ 781,236
Utility deposits		17,673	17,673	-	-	-	-	17,673	17,673
Deposits maturing beyond three months when placed	12(a)	-	-	2,242,915	-	6,000,000	3,129,395	8,242,915	3,129,395
Cash and cash equivalents	12(a)	1,392,835	1,094,930	549,324	2,288,855	97,336	2,129,297	2,039,495	5,513,082
		$ 2,327,065	$ 1,893,839	$ 2,792,239	$ 2,288,855	$ 6,097,336	$ 5,258,692	$ 11,216,640	$ 9,441,386
Current liability									
Other payables and accrued expenses		$ 1,236,555	$ 1,647,582	$ -	$ -	$ -	$ -	$ 1,236,555	$ 1,647,582
Net current assets		$ 1,090,510	$ 246,257	$ 2,792,239	$ 2,288,855	$ 6,097,336	$ 5,258,692	$ 9,980,085	$ 7,793,804
NET ASSETS		$ 1,201,904	$ 407,516	$ 4,204,141	$ 3,576,437	$ 6,426,204	$ 5,861,811	$ 11,832,249	$ 9,845,764

Statement of financial position at 31 March 2018 (continued)
(Expressed in Hong Kong dollars)

	Note	*General Fund* 2018	2017	*Capital Fund* 2018	2017	*Specific Fund* 2018	2017	*Total* 2018	2017
Represented by:									
Accumulated surplus	13	$ 1,201,904	$ 407,516	$ 3,732,488	$ 3,229,104	$ 6,426,204	$ 5,861,811	$ 11,360,596	$ 9,498,431
Fair value reserve	15	-	-	471,653	347,333	-	-	471,653	347,333
ACCUMULATED FUNDS		$ 1,201,904	$ 407,516	$ 4,204,141	$ 3,576,437	$ 6,426,204	$ 5,861,811	$ 11,832,249	$ 9,845,764

The financial statements set out on pages 6 to 31 were approved and authorised for issue by the Executive Committee on 29 NOV 2018 and were signed on its behalf by:

Amanda Wong
Chairperson

Judy Tong
Hon. Treasurer

The notes on pages 11 to 31 form part of these financial statements.

Statement of changes in accumulated funds for the year ended 31 March 2018

(Expressed in Hong Kong dollars)

	General Fund	*Capital Fund*	*Specific Fund*	*Total*
Balance at 1 April 2016	$ 378,346	$ 2,881,437	$ 4,868,629	$ 8,128,412
Changes in accumulated funds account for 2016/2017:				
Total comprehensive income for the year	(1,970,830)	2,695,000	993,182	1,717,352
Balance before transfer	$ (1,592,484)	$ 5,576,437	$ 5,861,811	$ 9,845,764
Inter-fund transfer	2,000,000	(2,000,000)	-	-
Balance at 31 March 2017 and 1 April 2017	$ 407,516	$ 3,576,437	$ 5,861,811	$ 9,845,764
Changes in accumulated funds account for 2017/2018:				
Total comprehensive income for the year	(1,205,612)	2,627,704	564,393	1,986,485
Balance before transfer	$ (798,096)	$ 6,204,141	$ 6,426,204	$11,832,249
Inter-fund transfer	2,000,000	(2,000,000)	-	-
Balance at 31 March 2018	$ 1,201,904	$ 4,204,141	$ 6,426,204	$11,832,249

The notes on pages 11 to 31 form part of these financial statements.

Cash flow statement for the year ended 31 March 2018

(Expressed in Hong Kong dollars)

	Note	*2018*	*2017*
Operating activities			
Cash generated from operations	12(b)	$ 1,060,748	$ 2,182,644
Net cash generated from operating activities		$ 1,060,748	$ 2,182,644
Investing activities			
Payment for purchase of plant and equipment		$ (56,941)	$ (461,473)
Interest received		151,075	145,500
Dividends received from investments in securities		53,889	51,893
(Increase)/decrease in deposits maturing beyond three months when placed		(4,682,358)	1,243,849
Net cash (used in)/generated from investing activities		$ (4,534,335)	$ 979,769
Net (decrease)/increase in cash and cash equivalents		$ (3,473,587)	$ 3,162,413
Cash and cash equivalents at 1 April		5,513,082	2,350,669
Cash and cash equivalents at 31 March	12(a)	$ 2,039,495	$ 5,513,082

The notes on pages 11 to 31 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 new and revised 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:

- financial instruments classified as available-for-sale equity securities (see note 2(d)).

2 Significant accounting policies (continued)

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.

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 these 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 debt and equity securities

Investments are recognised/derecognised on the date the company commits to purchase/sell the investments or they expire. Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs. These investments are subsequently accounted for as follows, depending on their classification:

(i) Available-for-sale equity securities

Investments in equity securities, being those held for non-trading purposes, are classified as available-for-sale equity securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve.

Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in note 2(k).

2 Significant accounting policies (continued)

When there is objective evidence that available-for-sale equity securities are impaired, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss. Objective evidence of impairment includes observable data that comes to the attention of the company concerning the underlying financial stability of the investee as well as a significant or prolonged decline in the fair value of an investment below its cost.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income.

When the investments are derecognised, the cumulative gain or loss recognised in equity is reclassified to profit or loss.

(e) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Deprecation 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	4 years or over the lease terms
– Furniture and fixtures	4 years
– Office equipment	4 years

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

The carrying amounts of plant and equipment 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 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.

2 Significant accounting policies (continued)

(f) Operating lease charges

When the company has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(g) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such case, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the company about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

(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 cost.

(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.

2 Significant accounting policies (continued)

(k) Revenue recognition

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 and it is probable that they will be received, which is generally upon receipt of cash.

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

(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.

(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.

2 Significant accounting policies (continued)

(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 2018	*General Fund* 2017	*Capital Fund* 2018	*Capital Fund* 2017	*Specific Fund* 2018	*Specific Fund* 2017	*Total* 2018	*Total* 2017
Social welfare subvention	$ 5,580,376	$ 5,304,175	$ -	$ -	$ -	$ -	$ 5,580,376	$ 5,304,175
Fees from regular subvented program and Saturday/Self-financing program	8,351,263	8,553,608	-	-	-	-	8,351,263	8,553,608
Donations from The Community Chest of Hong Kong	952,600	924,800	-	-	-	-	952,600	924,800
Lotteries Fund Block Grant (note 14)	80,000	77,000	-	-	-	-	80,000	77,000
Other donations (note 8)	-	-	766,576	975,329	910,797	1,328,762	1,677,373	2,304,091
	$ 14,964,239	$ 14,859,583	$ 766,576	$ 975,329	$ 910,797	$ 1,328,762	$ 16,641,612	$ 17,163,674

5 Other revenue and other net gain/(loss)

	General Fund 2018	*General Fund* 2017	*Capital Fund* 2018	*Capital Fund* 2017	*Specific Fund* 2018	*Specific Fund* 2017	*Total* 2018	*Total* 2017
Other revenue								
Social Welfare Development Fund	$ 241,580	$ 118,336	$ -	$ -	$ -	$ -	$ 241,580	$ 118,336
Training subsidy program	577,216	341,868	-	-	-	-	577,216	341,868
Pilot scheme	1,839,073	1,887,571	-	-	-	-	1,839,073	1,887,571
One-off grant	40,186	-	-	-	-	-	40,186	-
Sales of raffle tickets	-	-	329,700	325,200	-	-	329,700	325,200
Income from summer program	-	-	437,332	373,516	-	-	437,332	373,516
Income from charity luncheon	-	-	909,432	865,895	-	-	909,432	865,895
Membership fee	18,900	29,038	-	-	-	-	18,900	29,038
Interest income	6	-	151,069	104,986	-	-	151,075	104,986
Dividend income	-	-	53,889	51,893	-	-	53,889	51,893
Others	2,800	990	36,495	26,048	-	-	39,295	27,038
	$ 2,719,761	$ 2,377,803	$ 1,917,917	$ 1,747,538	$ -	$ -	$ 4,637,678	$ 4,125,341
Other net gain/(loss)								
Net foreign exchange gain/(loss)	$ 432,392	$ (255,384)	$ -	$ -	$ -	$ -	$ 432,392	$ (255,384)

6 Staff costs

	General Fund 2018	General Fund 2017	Capital Fund 2018	Capital Fund 2017	Specific Fund 2018	Specific Fund 2017	Total 2018	Total 2017
Contributions to defined contribution retirement plans	$ 692,784	$ 737,395	$ -	$ -	$ -	$ -	$ 692,784	$ 737,395
Salaries, wages and other benefits	17,019,465	16,790,044	-	-	-	-	17,019,465	16,790,044
	$ 17,712,249	$ 17,527,439	$ -	$ -	$ -	$ -	$ 17,712,249	$ 17,527,439

7 Other operating expenses

	General Fund 2018	General Fund 2017	Capital Fund 2018	Capital Fund 2017	Specific Fund 2018	Specific Fund 2017	Total 2018	Total 2017
Rent and rates	$ 206,397	$ 204,834	$ -	$ -	$ -	$ -	$ 206,397	$ 204,834
Printing and stationery	142,593	120,783	-	-	-	3,900	142,593	124,683
Utilities	116,220	127,490	-	-	-	-	116,220	127,490
Insurance	107,646	81,612	-	-	-	-	107,646	81,612
Training material	132,383	21,506	-	-	-	-	132,383	21,506
Food	22,787	19,555	-	-	-	-	22,787	19,555
Cleaning	62,195	63,681	-	-	-	-	62,195	63,681
Repairs and maintenance	258,752	114,061	-	-	-	-	258,752	114,061
Depreciation	88,595	81,220	-	-	292,462	253,300	381,057	334,520
Pilot Scheme	41,948	214,299	-	-	-	-	41,948	214,299
Miscellaneous	430,239	376,352	181,109	211,920	53,942	78,380	665,290	666,652
	$ 1,609,755	$ 1,425,393	$ 181,109	$ 211,920	$ 346,404	$ 335,580	$ 2,137,268	$ 1,972,893

Included in miscellaneous operating expenses are expenses of $172,864 (2017: $203,812) and $5,650 (2017: $5,100) incurred in relation to the charity luncheon and sale of raffle tickets respectively.

8 Other donations

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

	2018	2017
Capital Fund:		
Discovery Bay Recreation Club Limited	$ 103,936	$ 458,091
Mr. Wa Shan Chang	-	100,000
The Hong Kong Cricket Club	-	64,900
Mr. Diwu Zhu & Ms. Xiangli Hu	100,000	-
Ms. Mun Yi Fung	50,000	-
Ms. Purviz Rusy Shroff	40,000	-
Others	472,640	352,338
	$ 766,576	$ 975,329
Specific Fund:		
Swire Group Charitable Trust	$ 333,333	$ 400,000
Kang Yun Foundation (Hong Kong) Company Limited	310,140	308,120
Taifair Capital Services Limited	-	150,000
Fu Tak Lam Foundation Limited	-	105,934
The Italian Women's Association	-	80,000
Goldman Sachs (Asia) LLC	49,448	70,050
Knorr-Bremse Asia Pacific (Holding) Limited	-	55,007
The Ohel Leah Synagogue Charity	50,000	50,000
The American Women's Association	40,500	36,200
PVH Asia Limited	-	24,700
Sarjan Charity Foundation	80,000	-
Others	47,376	48,751
	$ 910,797	$ 1,328,762
	$ 1,677,373	$ 2,304,091

9 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:

	2018	*2017*
Fees	$ Nil	$ Nil
Other emoluments	Nil	Nil

10 Investments in securities

	2018	*2017*
Available-for-sale equity securities – Listed in Hong Kong (note 18(e)(i))	$ 1,411,902	$ 1,287,582
Fair value of individually impaired available-for-sale equity securities	$ 1,179,818	$ 1,112,399

As at 31 March 2018 and 2017, certain of the company's available-for-sale equity securities were individually determined to be impaired on the basis of a material decline in their fair value below cost and adverse changes in the market in which these investees operated which indicated that the cost of the company's investment in them may not be recovered. Impairment losses on these investments were recognised in profit or loss in accordance with policy set out in note 2(d).

11 Plant and equipment

	Leasehold improvement	Furniture and fixtures	Office equipment	Total
Cost:				
At 1 April 2016	$ 5,621,710	$ 387,728	$ 750,817	$ 6,760,255
Additions	137,400	26,924	297,149	461,473
At 31 March 2017	$ 5,759,110	$ 414,652	$ 1,047,966	$ 7,221,728
Accumulated depreciation:				
At 1 April 2016	$ 5,125,987	$ 387,728	$ 609,115	$ 6,122,830
Charge for the year	240,156	2,846	91,518	334,520
At 31 March 2017	$ 5,366,143	$ 390,574	$ 700,633	$ 6,457,350
Net book value:				
At 31 March 2017	$ 392,967	$ 24,078	$ 347,333	$ 764,378

	Leasehold improvement	Furniture and fixtures	Office equipment	Total
Cost:				
At 1 April 2017	$ 5,759,110	$ 414,652	$ 1,047,966	$ 7,221,728
Additions	3,500	19,213	34,228	56,941
Disposals	(630,000)	(201,979)	(157,944)	(989,923)
At 31 March 2018	$ 5,132,610	$ 231,886	$ 924,250	$ 6,288,746
Accumulated depreciation:				
At 1 April 2017	$ 5,366,143	$ 390,574	$ 700,633	$ 6,457,350
Charge for the year	263,835	7,697	109,525	381,057
Written back on disposals	(630,000)	(201,979)	(157,944)	(989,923)
At 31 March 2018	$ 4,999,978	$ 196,292	$ 652,214	$ 5,848,484
Net book value:				
At 31 March 2018	$ 132,632	$ 35,594	$ 272,036	$ 440,262

12 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:*

	2018	*2017*
Deposits maturing beyond three months when placed	$ 8,242,915	$ 3,129,395
Deposits maturing within three months when placed	$ 316,355	$ 3,337,815
Cash at bank and on hand	1,723,140	2,175,267
Cash and cash equivalents in the statement of financial position and the cash flow statement	$ 2,039,495	$ 5,513,082

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

	Note	*2018*	*2017*
Surplus for the year		$ 1,862,165	$ 1,533,299
Adjustments for:			
Interest income	5	(151,075)	(104,986)
Dividend income	5	(53,889)	(51,893)
Depreciation	7	381,057	334,520
Foreign exchange (gain)/loss		(431,162)	257,392
Changes in working capital:			
Increase in other receivables and prepayments		(135,321)	(187,378)
(Decrease)/increase in other payables and accrued expenses		(411,027)	401,690
Cash generated from operations		$ 1,060,748	$ 2,182,644

13 Accumulated Surplus - General Fund

At 31 March 2018, the accumulated surplus in General Fund was represented by the following reserve items:

	2018	2017
Lotteries Fund Block Grant Reserve (note 14)	$ 18,851	$ 116,410
Surplus fund transferred in from Capital Fund	1,187,458	295,886
Deficit subvention	(4,405)	(4,780)
	$ 1,201,904	$ 407,516

14 Lotteries Fund Block Grant Reserve

	2018	2017
At 1 April	$ 116,410	$ 111,550
Block Grant received during the year (note 4)	80,000	77,000
Interest income received during the year	1	-
Expenditure during the year	(177,560)	(72,140)
At 31 March	$ 18,851	$ 116,410

Block Grant received during the year included $80,000 (2017: $77,000) recognised in General Fund.

Expenditure during the year included repair and maintenance expense of $177,560 (2017: $24,140) and plant and equipment of $Nil (2017: $48,000) recognised in the General Fund.

15 Fair value reserve

	2018	2017
Available-for-sale equity securities:		
At 1 April	$ 347,333	$ 163,280
Changes in fair value recognised during the year	124,320	184,053
At 31 March	$ 471,653	$ 347,333

Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of available-for-sale equity securities held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(d).

16 Social Welfare Development Fund

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

Phase II

	2018	2017
At 1 April	$ 339,320	$ 321,390
Allocation received during the year	-	112,710
Contributions made by the company during the year	53,873	-
Interest income received	3	4
Expenditure during the year	(121,985)	(94,784)
At 31 March	$ 271,211	$ 339,320

Expenditure during the year included staff costs of $21,000 (2017: $Nil), IT expense of $100,985 (2017: $78,355) and training expense of $Nil (2017: $16,429) recognised in the General Fund.

Phase III

	2018	2017
At 1 April	$ 51,648	$ -
Allocation received during the year	306,268	75,200
Interest income received	2	-
Expenditure during the year	(119,600)	(23,552)
At 31 March	$ 238,318	$ 51,648

Expenditure during the year included staff costs of $8,450 (2017: $Nil) and training expense of $111,150 (2017: $23,552) recognised in the General Fund.

17 Pilot Scheme on On-Site Pre-School Rehabilitation Services ("Pilot Scheme")

The cash changes in Pilot Scheme is disclosed as follows:

Under Lotteries Fund

	2018	*2017*
At 1 April	$ 191,743	$ 206,356
Allocation received during the year	1,190,625	1,587,500
Expenditure during the year	(1,382,184)	(1,602,113)
At 31 March	$ 184	$ 191,743

Expenditure during the year included staff costs of $1,364,576 (2017: $1,590,943), insurance expense of $5,785 (2017: $8,625), travelling expense of $2,640 (2017: $2,545) and program expense of $9,183 (2017: $Nil) recognised in the General Fund.

18 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity and interest rate 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.

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

(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 is liquidity requirements in the short and longer term.

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:

	2018		
	Contractual undiscounted cash outflow		
	Within 1 year or on demand	***Total***	***Carrying amount at 31 March***
Other payables and accrued expenses	$ 1,236,555	$ 1,236,555	$ 1,236,555

	2017		
	Contractual undiscounted cash outflow		
	Within 1 year or on demand	***Total***	***Carrying amount at 31 March***
Other payables and accrued expenses	$ 1,647,582	$ 1,647,582	$ 1,647,582

(c) Interest rate risk

The company is exposed to interest rate risk only to the extent that it earns bank interest on cash and deposits and as such, is considered not to expose to significant interest rate risk.

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

(d) Equity price risk

The company is exposed to equity price changes arising from equity investments classified as available-for-sale equity securities (see note 10), which are listed on the Stock Exchange of Hong Kong. The available-for-sale investments have been chosen based on their long-term growth potential and are monitored regularly for performance against expectations.

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.

	2018		*2017*	
	Increase/ (decrease) in share price	*Effect on other components of equity*	*Increase/ (decrease) in share price*	*Effect on other components of equity*
Market price of equity investments	20%	$ 282,380	20%	$ 257,516
	(20)%	(282,380)	(20)%	(257,516)

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 none of the company's available-for-sale investments would be considered impaired as a result of the decrease in the share price, and that all other variables remain constant. The analysis is performed on the same basis for 2017.

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

(e) 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 2018 and 2017, the only financial instruments of the company carried at fair value were available-for-sale equity securities of $1,411,902 (2017: $1,287,582) listed on the Stock Exchange of Hong Kong (see note 10). 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.

During the years ended 31 March 2018 and 2017, 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 2018 and 2017.

19 Commitments

(a) *Capital commitments outstanding at 31 March 2018 not provided for in the financial statements were as follows:*

	2018	2017
Contracted for	$ 28,300	$ -

As at 31 March 2018, the company is committed to a contract for the leasehold improvement.

(b) *At 31 March 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:*

	2018	2017
Within 1 year	$ 249,000	$ 174,000
After 1 year but within 5 years	44,000	29,000
	$ 293,000	$ 203,000

The company is the lessee in respect of property held under short-term operating leases. The leases typically run for an initial period of 1 to 3 years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

20 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the company.

	Effective for accounting periods beginning on or after
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

20 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018 (continued)

The company is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the company has identified some aspects of the new standards which may have a significant impact on the financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the company, and further impacts may be identified before the standards are initially applied in the company's financial statements for the year ending 31 March 2019. The company may also change its accounting policy elections, including the transition options, until the standards are initially applied in the financial statements.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The company plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 April 2018.

Expected impact of the new requirements on the company's financial statements is as follows:

Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI). The classification is determined based on the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets.

The company has assessed that its financial assets currently measured at FVTOCI will continue with this classification and measurement upon the adoption of HKFRS 9.

20 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018 (continued)

HKFRS 16, Leases

As disclosed in note 2(f), currently the company enters into some operating leases as the lessee. Once HKFRS 16 is adopted, subject to practical expedients, the company will be required to account for all leases of more than 12 months in a similar way to current finance lease accounting.

The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 19(b), at 31 March 2018 the company's future minimum lease payments under non-cancellable operating leases amount to $293,000 for property, the majority of which is payable either between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The company will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is not expected to impact significantly on the way that the company accounts for its rights and obligations under a lease when it is the lessor under the lease.