KPMG

The Child Development Centre

明德兒童啓育中心

(Limited by Guarantee)

Financial Statements
Year ended 31 March 2020

Report of the Executive Committee

The Executive Committee submits herewith its annual report together with the audited financial statements for the year ended 31 March 2020.

Principal place of business

The Child Development Centre ("the CDC") is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 4/F, Prime Mansion, 183-187 Johnston Road, Wanchai, Hong Kong.

Principal activities

The CDC is an independent charitable organisation and is engaged in operating an early intervention programme for children with special educational needs as well as support programmes for their families and care givers.

Chief Executive

Yvonne Becher is the CDC's Chief Executive.

Executive Committee

The role of the Executive Committee is to provide strategic oversight and transparent governance for the CDC.

The Committee is composed of a mixture of community representatives, parents, ex-parents and long standing members as well as professional members in our community. The Committee will continue to endeavour to provide the best possible guidance and support to the CDC.

The members of the Executive Committee during the year and up to the date of this report were:

Sabrina Chi Wai Ho	Chairperson
Calvin James Hsu	Vice-Chairperson
Henson Kuan Leung Lam	
Kay McArdle	
Sonia Chan Lee	
Jacklyn Yun-Ning Hui-Fu	
Gordon William Ewing Jones	
Abigail Ruth Rachel Tannis Porter	
Sheung Chi Clara Chin	Honorary Treasurer
Mei Ling Denise Chua	(appointed on 26 June 2019 and resigned on 30 June 2020)
Abigail Adams DeLessio	(resigned on 28 October 2019)
Tinuade Abiodun Sylvia Benson	(resigned on 2 December 2019)

Executive Committee (continued)

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

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

Indemnity of Executive Committee members

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

Strategic Planning

The CDC will continue to provide services to families who have children with additional needs, and continue to develop programmes that fill gaps in the provision for special educational needs. The CDC will also continue to provide training for its own professional staff and for local community members.

Operations/programmes

The CDC continued to maintain the highest standard of quality services for our families, with the goal of appropriate placement of children into Primary 1 education. We have implemented a very successful curriculum into the pre-school programmes that has helped prepare children for Primary 1 education and, looking longer-term, to a more successful education experience.

Staff

Our multi-disciplinary team of Special Educational Needs Teachers, Speech Therapists, Occupational Therapists, Physiotherapist, Behaviour Therapists and Psychologists are experts in delivering early intervention techniques and therapies. Our in-class support staff continue to improve their skills through rigorous continued professional development training. The CDC's admissions, facilities, finance and administrative support are also crucial to the smooth running of the CDC. We value our people and continue to improve the leadership and management skills of the leadership team. They are a great resource to the continued operation and growth of the CDC.

Social Welfare Department ("SWD")

We continue to be grateful to the Social Welfare Department for their on-going support of the CDC through the subvention of some services.

Fundraising

The Daddy Daughter Ball ("the DDB") has rapidly become the CDC's key fundraising event. The event on 1st June 2019 raised approximately HK$3.0 million (net of expenses) from our silent auction, table sales, donation and charm sales. Our warmest thanks to the Ball Committee for all their time, effort and generosity and to all those who helped make the evening a success.

Other supporters

The Executive Committee would like to record its thanks, on behalf of everyone involved with the CDC, to all sponsors who have given so generously during the past year.

Honorary Auditors

A resolution will be submitted to the Annual General Meeting of the CDC to re-appoint the Honorary Auditors, Messrs. KPMG whose services are provided without charge; we would like to thank Miss. Heidi Chan and her staff for their assistance and sound advice.

By order of the Executive Committee

Sabrina Chi Wai Ho

Hong Kong,
22 OCT 2020

KPMG

Independent auditor's report to the members of The Child Development Centre

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of The Child Development Centre ("the CDC") set out on pages 7 to 42, which comprise the statement of financial position as at 31 March 2020, the statement of comprehensive income, the statement of changes in 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 CDC as at 31 March 2020 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the CDC 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 The Child Development Centre (continued)

(Incorporated in Hong Kong and limited by guarantee)

Responsibilities of the Executive Committee for the financial statements

The Executive Committee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible for assessing the CDC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intends to liquidate the CDC or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the CDC's internal control.

Independent auditor's report to the members of The Child Development Centre (continued)

(Incorporated in Hong Kong and limited by guarantee)

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

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

- Conclude on the appropriateness of the Executive Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CDC'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 CDC to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Certified Public Accountants

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

22 OCT 2020

Statement of comprehensive income for the year ended 31 March 2020

(Expressed in Hong Kong dollars)

	Note	2020				
		General fund	Designated funds			
		Self-Supporting Programmes	Lump Sum Grant	Subvention, Subsidy and Applied Fund	Sub-total	Total
Principal sources of revenue						
Subvention from Social Welfare Department		$ -	$ 9,117,193	$ 577,801	$ 9,694,994	$ 9,694,994
Service fee income	3	6,877,481	14,800	-	14,800	6,892,281
Income from fund raising activities		4,221,063	-	-	-	4,221,063
Donations received						
- General donations		605,689	-	-	-	605,689
- Specific donations		-	-	986,046	986,046	986,046
		$ 11,704,233	$ 9,131,993	$ 1,563,847	$ 10,695,840	$ 22,400,073
Other net income						
Interest income		$ 167,770	$ -	$ -	$ -	$ 167,770
Miscellaneous income		4,764	-	-	-	4,764
		$ 172,534	$ -	$ -	$ -	$ 172,534
Expenditure						
Activities expenses		$ 4,716	$ -	$ 33,140	$ 33,140	$ 37,856
Advertising and publicity expenses		42,650	-	-	-	42,650
Consultancy fees		70,865	-	-	-	70,865
Depreciation		351,808	-	-	-	351,808
Direct fund raising expenses		1,181,629	-	-	-	1,181,629
Direct programme expenses		69,365	-	71,049	71,049	140,414
Electricity expenses		19,724	36,421	-	36,421	56,145
Entertainment		3,174	-	-	-	3,174
Fee remission		-	-	133,133	133,133	133,133
Insurance		63,413	-	-	-	63,413
Interest on lease liabilities		20,381	-	-	-	20,381
IT expenses		61,300	-	86,240	86,240	147,540
Legal and professional fees		105	-	-	-	105
Miscellaneous expenses		22,094	-	22,053	22,053	44,147
Office supplies		22,725	-	15,269	15,269	37,994
Printing, stationery and supplies		82,815	-	-	-	82,815
Rent, rates and utilities		501,573	1,206,518	-	1,206,518	1,708,091
Repairs and maintenance		48,965	-	800	800	49,765
Staff costs	5	8,399,001	7,889,054	590,565	8,479,619	16,878,620
Subscription fee		5,030	-	-	-	5,030
Telephone, fax and postage		23,007	-	-	-	23,007
Travelling		3,012	-	-	-	3,012
		$ 10,997,352	$ 9,131,993	$ 952,249	$ 10,084,242	$ 21,081,594
Surplus for the year	13	$ 879,415	$ -	$ 611,598	$ 611,598	$ 1,491,013

Statement of comprehensive income for the year ended 31 March 2020 (continued)

(Expressed in Hong Kong dollars)

		2019 (Note)				
		General fund	Designated funds			
	Note	Self-Supporting Programmes	Lump Sum Grant	Subvention, Subsidy and Applied Fund	Sub-total	Total
Principal sources of revenue						
Subvention from Social Welfare Department		$ -	$ 8,828,372	$ 832,685	$ 9,661,057	$ 9,661,057
Service fee income	3	7,990,735	-	-	-	7,990,735
Income from fund raising activities		3,586,104	-	-	-	3,586,104
Donations received						
- General donations		572,538	-	-	-	572,538
- Specific donations		-	-	849,072	849,072	849,072
		$ 12,149,377	$ 8,828,372	$ 1,681,757	$ 10,510,129	$ 22,659,506
Other net income						
Interest income		$ 130,808	$ -	$ -	$ -	$ 130,808
Dividend income		15,800	-	-	-	15,800
Net gain on investments		37,000	-	-	-	37,000
Miscellaneous income		43,047	-	-	-	43,047
		$ 226,655	$ -	$ -	$ -	$ 226,655
Expenditure						
Activities expenses		$ 2,050	$ -	$ 118,051	$ 118,051	$ 120,101
Advertising and publicity expenses		21,833	-	-	-	21,833
Consultancy fees		35,000	-	-	-	35,000
Depreciation		7,361	-	-	-	7,361
Direct fund raising expenses		954,667	-	-	-	954,667
Direct programme expenses		85,646	-	107,740	107,740	193,386
Electricity expenses		15,902	43,982	-	43,982	59,884
Entertainment		1,124	-	-	-	1,124
Fee remission		-	-	252,865	252,865	252,865
Insurance		55,241	-	-	-	55,241
IT expenses		-	-	174,604	174,604	174,604
Legal and professional fees		855	-	-	-	855
Miscellaneous expenses		21,729	-	86,769	86,769	108,498
Office supplies		23,263	-	-	-	23,263
Printing, stationery and supplies		67,365	-	-	-	67,365
Rent, rates and utilities		757,973	1,328,548	-	1,328,548	2,086,521
Repairs and maintenance		25,330	-	-	-	25,330
Staff costs	5	8,268,752	7,455,842	1,259,198	8,715,040	16,983,792
Telephone, fax and postage		20,397	-	-	-	20,397
Travelling		2,240	-	-	-	2,240
		$ 10,366,728	$ 8,828,372	$ 1,999,227	$ 10,827,599	$ 21,194,327
Surplus/(deficit) for the year	13	$ 2,009,304	$ -	$ (317,470)	$ (317,470)	$ 1,691,834

Note: The CDC has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

The notes on pages 14 to 42 form part of these financial statements.

Statement of financial position at 31 March 2020

(Expressed in Hong Kong dollars)

	Note	*2020*	*2019* (Note)
Non-current assets			
Property, plant and equipment	6	$ 2,888,718	$ 19,139
Other receivables	7	499,426	-
		$ 3,388,144	$ 19,139
Current assets			
Fees and other receivables	7	$ 2,485,083	$ 2,503,020
Cash and bank deposits	8(a)	16,103,363	13,793,251
		$ 18,588,446	$ 16,296,271
Current liabilities			
Payables and accruals	9	$ 2,069,617	$ 2,214,799
Refundable deposits	9	439,034	598,190
Donations/grants received in advance	10	3,531,266	3,424,001
Surplus subventions	11	456,444	689,309
Lease liabilities	12	1,568,801	-
		$ 8,065,162	$ 6,926,299
Net current assets		$ 10,523,284	$ 9,369,972
Total assets less current liabilities		$ 13,911,428	$ 9,389,111
Non-current liability			
Lease liabilities	12	$ 3,031,304	$ -
NET ASSETS		$ 10,880,124	$ 9,389,111

Statement of financial position at 31 March 2020 (continued)

(Expressed in Hong Kong dollars)

	Note	*2020*	*2019* (Note)
Representing:			
General fund	13	$ 9,519,523	$ 8,194,711
Designated funds			
Capital Expenditure Fund	14	$ -	$ -
Family Support Services Fund	15	307,670	3,073
Therapeutic Intervention Fund	16	88,650	108,924
Community Development Programme Fund	17	-	108,289
Specific Programme Activities Fund	18	50,000	519,064
Lotteries Fund	19	47,808	54
Professional Development Fund	20	113,083	-
Financial Aid Fund	21	255,670	9,243
Long Service Award & Staff Welfare Reserve	22	497,720	445,753
		$ 1,360,601	$ 1,194,400
		$ 10,880,124	$ 9,389,111

Approved and authorised for issue by the Executive Committee on 22 OCT 2020

Sabrina Chi Wai Ho
Sheung Chi Clara Chin

) Members of the Executive Committee

Note: The CDC has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

The notes on pages 14 to 42 form part of these financial statements.

Statement of changes in funds for the year ended 31 March 2020

(Expressed in Hong Kong dollars)

	General Fund	*Designated Funds*	*Total* (Note)
Balance at 1 April 2018	$ 6,272,176	$ 1,425,101	$ 7,697,277
Net surplus/(deficit) for the year	2,009,304	(317,470)	1,691,834
Inter-fund transfers	(86,769)	86,769	-
Balance at 31 March 2019	$ 8,194,711	$ 1,194,400	$ 9,389,111
Balance at 1 April 2019	$ 8,194,711	$ 1,194,400	$ 9,389,111
Net surplus for the year	879,415	611,598	1,491,013
Inter-fund transfers	445,397	(445,397)	-
Balance at 31 March 2020	$ 9,519,523	$ 1,360,601	$ 10,880,124

Note: The CDC has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

The notes on pages 14 to 42 form part of these financial statements.

Cash flow statement for the year ended 31 March 2020

(Expressed in Hong Kong dollars)

	Note	*2020*	*2019* (Note)
Operating activities			
Net surplus for the year		$ 1,491,013	$ 1,691,834
Adjustments for:			
Net gain on investments		-	(37,000)
Dividend income		-	(15,800)
Interest income		(167,770)	(130,808)
Interest on lease liabilities	8(b)	20,381	-
Depreciation		351,808	7,361
Operating surplus before changes in working capital		$ 1,695,432	$ 1,515,587
Decrease/(increase) in fees and other receivables		1,261,319	(1,077,787)
(Decrease)/increase in payables and accruals		(145,182)	235,688
(Decrease)/increase in refundable deposits		(159,156)	40,490
Increase in donations/grants received in advance		148,415	77,733
(Decrease)/increase in surplus subventions		(232,865)	290,773
Net cash generated from operating activities		$ 2,567,963	$ 1,082,484
Investing activities			
Dividend received from trading securities		$ -	$ 15,800
Sales proceeds from sale of trading securities		-	702,000
Payment for purchase of trading securities		-	(665,000)
Decrease/(increase) in deposits with banks with original maturity over 3 months		4,379,569	(2,082,568)
Payment for purchase of property, plant and equipment		(41,150)	(26,500)
Interest received from bank deposits and investments		177,947	137,894
Net cash generated from/(used in) investing activities		$ 4,516,366	$ (1,918,374)

Cash flow statement
for the year ended 31 March 2020 (continued)
(Expressed in Hong Kong dollars)

	Note	*2020*	*2019* (Note)
Financing activities			
Capital element for lease rental paid	8(b)	$ (374,267)	$ -
Interest element for lease rental paid	8(b)	(20,381)	-
Net cash used in financing activities		$ (394,648)	$ -
Net increase/(decrease) in cash and cash equivalents		$ 6,689,681	$ (835,890)
Cash and cash equivalents at beginning of year		9,413,682	10,249,572
Cash and cash equivalents at end of year	8(a)	$ 16,103,363	$ 9,413,682

Note: The CDC has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

The notes on pages 14 to 42 form part of these financial statements.

Notes to the financial statements
(Expressed in Hong Kong dollars)

1 Status of the CDC

The Child Development Centre ("the CDC") was incorporated under the laws of Hong Kong on 5 September 1978 and is a company limited by guarantee and not having a share capital. Under the provision of the CDC's Memorandum of Association, every member shall, in the event of the CDC being wound up, contribute such amount as may be required to meet the liabilities of the CDC but not exceeding $100 per member. At 31 March 2020, the CDC had 10 members (2019: 11 members).

The members of the CDC are not entitled to the income nor property of the CDC, by way of dividend, bonus or otherwise.

The CDC has been granted charitable institution status and is exempt from Hong Kong taxation under section 88 of the Inland Revenue Ordinance.

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. Significant accounting policies adopted by the CDC are disclosed 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 CDC. 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 CDC for the current and prior accounting periods reflected in these financial statements.

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

2 Significant accounting policies (continued)

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

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the CDC.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the CDC's results and financial position for the current or prior periods have been prepared or presented. The CDC has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives,* and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease.* It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 which remain substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The CDC has initially applied HKFRS 16 as from 1 April 2019. The CDC has elected to use the modified retrospective approach and there is no net effect on the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

2 Significant accounting policies (continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The CDC applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the CDC has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the CDC is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the CDC is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 6(a). For an explanation of how the CDC applies lessee accounting, see note 2(f).

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the CDC determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.5%.

2 Significant accounting policies (continued)

To ease the transition to HKFRS 16, the CDC applied the following recognition exemption and practical expedient at the date of initial application of HKFRS 16:

(i) the CDC elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the CDC applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the CDC relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in note 25 as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019
Operating lease commitments at 31 March 2019	$ 1,985,584
Less: Other leases with remaining lease term ending on or before 31 March 2020	(1,620,882)
	364,702
Less: total future interest expenses	(7,634)
Total lease liabilities at 1 April 2019	$ 357,068

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 March 2019.

2 Significant accounting policies (continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the CDC's statement of financial position:

		Carrying amount at 31 March 2019		*Capitalisation of operating lease contracts*		*Carrying amount at 1 April 2019*
Line items in the statement of financial position impacted by the adoption of HKFRS 16:						
Property, plant and equipment	$	19,139	$	357,068	$	376,207
Total non-current asset	$	19,139	$	357,068	$	376,207
Lease liabilities (current)	$	-	$	271,839	$	271,839
Current liabilities	$	6,926,299	$	271,839	$	7,198,138
Net current assets	$	9,369,972	$	(271,839)	$	9,098,133
Total assets less current liabilities	$	9,389,111	$	85,229	$	9,474,340
Lease liabilities (non-current)	$	-	$	85,229	$	85,229
Total non-current liability	$	-	$	85,229	$	85,229
Net assets	$	9,389,111	$	-	$	9,389,111

c. Impact on the financial result and cash flows of the CDC

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the CDC as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the CDC's statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the CDC as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 8(b)). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement (see note 8(c)).

2 Significant accounting policies (continued)

(d) Revenue recognition

Income is classified by the CDC as revenue when it arises from the provision of services in the ordinary course of the CDC's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the CDC is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the CDC's revenue and other income recognition policies are as follows:

(i) Donations

Donations are recognised in the statement of comprehensive income when the CDC becomes entitled to the donations and it is probable that they will be received.

Designated donations that compensate the CDC for expenses incurred are recognised as income on a systematic basis in the same periods in which the expenses are incurred. Designated donations that compensate for the cost of assets are deducted from the carrying amount of the assets.

(ii) Subventions from the Social Welfare Department

Subventions from the Social Welfare Department are recognised in the statement of comprehensive income on a systematic basis in the same periods in which the related expenses are incurred and when the conditions attached to the subventions are met.

(iii) Service fee

Service fee income are recognised on an accrual basis when related services are rendered.

(iv) Income from fund raising activities

Income from fund raising activities is recognised on an accruals basis when the events to which they relate are held.

(v) Dividends

Dividend income from investments is recognised when the right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method. Using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

2 Significant accounting policies (continued)

(e) Property, plant and equipment

Specific grants and designated donations utilised in respect of property, plant and equipment are allocated to reduce the acquisition cost of the assets recognised in the financial statements. Any balance of the cost of these assets that is not covered by such grants and donations, together with the cost of all other property, plant and equipment including right-of-use assets arising from leases of underlying property, plant and equipment (see note 2(f)) are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

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

- Computer equipment — 3 years
- Furniture, fixtures and equipment — 5 years
- Properties leased for own use — Unexpired term of the lease

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

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in the statement of comprehensive income 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 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 time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

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

(f) Leased assets

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

2 Significant accounting policies (continued)

As a lessee

(A) Policy applicable from 1 April 2019

At the lease commencement date, the CDC recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

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

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

The CDC presents right-of-use assets in "property, plant and equipment" and presents lease liabilities separately in the statement of financial position.

(B) Policy applicable prior to 1 April 2019

In the comparative period, where the CDC had the use of other assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

2 Significant accounting policies (continued)

(g) Fees and other receivables

A receivable is recognised when the CDC has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

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

For other receivables, the CDC recognizes loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

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

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

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks 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. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(g).

(i) Payables and refundable deposits

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

2 Significant accounting policies (continued)

(j) Provisions and contingent liabilities

Provisions are recognised when the CDC has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) Employee benefits

Salaries, 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.

(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 the statement of comprehensive income.

2 Significant accounting policies (continued)

(m) Related parties

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

(i) has control or joint control over the CDC;

(ii) has significant influence over the CDC; or

(iii) is a member of the key management personnel of the CDC or the CDC's parent.

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

(i) The entity and the CDC 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 CDC or an entity related to the CDC.

(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 CDC or to the CDC'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 Service fee income

Service fee income generated during the year is comprised of the following:

	2020	*2019*
School fees	$ 2,802,378	$ 3,192,075
Service fees	4,089,903	4,798,660
	$ 6,892,281	$ 7,990,735

4 Executive Committee members' emoluments

Executive Committee members' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2020	*2019*
Executive Committee members' fees	$ -	$ -
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-

5 Staff costs

	2020	*2019*
Contributions to defined contribution retirement plan	$ 580,324	$ 552,009
Salaries, allowances and benefits in kind	16,298,296	16,431,783
	$ 16,878,620	$ 16,983,792

6 Property, plant and equipment

	Computer equipment	*Furniture, fixtures and equipment*	*Properties leased for own use*	*Total*
Cost:				
At 1 April 2018	$ -	$ -	$ -	$ -
Additions	26,500	-	-	26,500
At 31 March 2019	$ 26,500	$ -	$ -	$ 26,500
Impact on initial application of HKFRS 16 (note)	$ -	$ -	$ 357,068	$ 357,068
At 1 April 2019	$ 26,500	$ -	$ 357,068	$ 383,568
Additions	26,680	14,470	4,617,304	4,658,454
Transfer to donation/grants received in advance (note 10)	(26,680)	(14,470)	-	(41,150)
Transfer to other receivables (note 7)	-	-	(1,752,985)	(1,752,985)
At 31 March 2020	$ 26,500	$ -	$ 3,221,387	$ 3,247,887
Accumulated depreciation:				
At 1 April 2018	$ -	$ -	$ -	$ -
Charge for the year	7,361	-	-	7,361
At 31 March 2019	$ 7,361	$ -	$ -	$ 7,361
Charge for the year	8,833	-	342,975	351,808
At 31 March 2020	$ 16,194	$ -	$ 342,975	$ 359,169
Net book value:				
At 31 March 2020	$ 10,306	$ -	$ 2,878,412	$ 2,888,718
At 31 March 2019	$ 19,139	$ -	$ -	$ 19,139

Note: The CDC has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. See note 2(c).

6 Property, plant and equipment (continued)

(a) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	*31 March 2020*	*1 April 2019*
Properties leased for own use, carried at depreciated cost	(i)	$ 2,878,412	$ 357,068

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

	2020	*2019 (Note)*
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	$ 342,975	$ -
Interest on lease liabilities	$ 20,381	$ -
Expense relating to a lease with remaining lease term ending on or before 31 March 2020	1,386,000	-
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	-	1,791,048

Note: The CDC has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the CDC as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2(c).

During the year, additions to right-of-use assets were $4,617,304. The amount related to the capitalised lease payments payable under new tenancy agreements.

Details of the maturity analysis of lease liabilities are set out in note 12.

(i) Properties leased for own use

The CDC has obtained the right to use properties as its office through tenancy agreements. The leases typically run for an initial period of 3 years.

The leases do not include options to renew for an additional period after the end of the contract term.

7 Fees and other receivables

	2020	*2019*
Fees receivables	$ 213,127	$ 125,770
Other receivables (note)	2,771,382	2,377,250
	$ 2,984,509	$ 2,503,020

Except for the balance amounting to $499,426 (2019: $Nil), which are expected to be recovered or recognised as expense after more than one year, all the remaining fees and other receivables are expected to be recovered or recognised as expense within one year.

Note: The balance of other receivables included a subvention receivable from Social Welfare Department, amounting to $1,752,985 (2019: $Nil), relating to 18-month rental subsidy for the new tenancy agreement entered by the CDC during the year. This rental subsidy is allocated to reduce the cost of properties leased for own use (see note 6). During the year ended 31 March 2020, the CDC paid rent amounting to $115,600 (2019: $Nil) relating to this new tenancy agreement, which 73% of it is subvented by SWD.

The CDC's credit policy is set out in note 24(a).

8 Cash and bank deposits

(a) Cash and cash equivalents comprise:

	2020	*2019*
Bank deposits	$ 7,591,643	$ 7,430,978
Cash at bank and on hand	8,511,720	6,362,273
Cash and bank deposits in the statement of financial position	$ 16,103,363	$ 13,793,251
Less: Deposits with banks with original maturity over 3 months	-	(4,379,569)
Cash and cash equivalents in the cash flow statement	$ 16,103,363	$ 9,413,682

8 Cash and bank deposits (continued)

(b) Reconciliation of liabilities arising from financing activities:

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

		Lease liabilities (Note 12)
At 31 March 2019	$	-
Impact on initial application of HKFRS 16 (note)		357,068
At 1 April 2019	$	357,068
Changes from financing cash flows:		
Capital element of lease rentals paid	$	(374,267)
Interest element of lease rentals paid		(20,381)
Total changes from financing cash flows	$	(394,648)
Other changes:		
Increase in lease liabilities from entering into new leases during the period	$	4,617,304
Interest expenses		20,381
Total other changes	$	4,637,685
At 31 March 2020	$	4,600,105

Note: The CDC has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. See note 2(c) and the cash flow statement.

8 Cash and bank deposits (continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2020	*2019 (Note)*
Within operating cash flows	$ 1,386,000	$ 1,791,048
Within financing cash flows	394,648	-
	$ 1,780,648	$ 1,791,048

Note: As explained in the note 8(b), the adoption of HKFRS 16 introduces a change in classification of cash flows of certain rentals paid on leases. The comparative amounts have not been restated.

9 Payables, accruals and refundable deposits

Payables, accruals and refundable deposits are expected to be settled within one year or are repayable on demand.

10 Donations/grants received in advance

	2020	*2019*
Balance at the beginning of the year	$ 3,424,001	$ 3,346,268
Transferred from/(to) Capital Expenditure Fund (note 14)	$ 33,414	$ (5,586)
Transferred from Lotteries Fund - Block Grant (note 19(a))	115,001	83,319
Less: Transferred from property, plant and equipment (note 6)	(41,150)	-
	$ 107,265	$ 77,733
Balance at the end of the year	$ 3,531,266	$ 3,424,001

The balance is used to finance the cost of furnishing and equipment of the CDC or donation received in advance under specific events.

11 Surplus subventions

Surplus subventions being accumulated subventions provided by the Social Welfare Department advanced to the CDC but not yet utilised during the year and may be subject to claw back, are analysed below:

	2020	*2019*
Balance at the beginning of the year	$ 689,309	$ 398,536
(Utilisation and refunds)/receipt of subsidies, net		
- Lump Sum Grant reserve (including surplus for Provident Fund subvention of 6.8% and other posts (note (a))	$ (221,506)	$ 368,144
- SWD Development–Fund - Phase 3 (note (b))	(11,359)	(77,371)
	$ (232,865)	$ 290,773
Balance at the end of the year	$ 456,444	$ 689,309

Notes:

(a) The CDC has set aside surplus subventions received over previous years for the Lump Sum Grant, including surplus of Provident Fund subvention of 6.8% and other posts.

	2020	*2019*
Balance at the beginning of the year	$ 677,950	$ 309,806
Grant received during the year	8,078,669	7,628,062
Expenditure during the year	(7,910,675)	(7,499,824)
Other	(389,500)	(4,691)
Reversal of expenditure paid	-	244,597
Balance at the end of the year	$ 456,444	$ 677,950

(b) SWD Development–Fund - Phase 3

The CDC has utilised during the year ended 31 March 2020, the subvention received during the current and previous years from the Lotteries Fund relating to the SWD Development Fund. At the end of the reporting period, the CDC has transferred the surplus subvention received from the Lotteries Fund relating to the SWD Development Fund from designated funds to "surplus subventions" as a liability, since the funds could be subject to claw back by the SWD.

	2020	*2019*
Balance at the beginning of the year	$ 11,359	$ 88,730
Grant received during the year	169,895	306,960
Interest received during the year	-	-
Expenditure for projects	(172,359)	(368,971)
Expenditure for administrative support	(8,895)	(15,360)
Balance at the end of the year	$ -	$ 11,359

12 Lease liabilities

The following table shows the remaining contractual maturities of the CDC's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	31 March 2020		*1 April 2019 (Note)*	
	Present value of the lease payments	*Total lease payments*	*Present value of the lease payments*	*Total lease payments*
Within 1 year	$ 1,568,801	$ 1,697,254	$ 271,839	$ 279,048
After 1 year but within 2 years	$ 1,556,610	$ 1,632,000	$ 85,229	$ 85,654
After 2 years but within 5 years	1,474,694	1,496,000	-	-
	$ 3,031,304	$ 3,128,000	$ 85,229	$ 85,654
	$ 4,600,105	$ 4,825,254	$ 357,068	$ 364,702
Less: total future interest expenses		(225,149)		(7,634)
Present value of lease liabilities		$ 4,600,105		$ 357,068

Note: The CDC has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 March 2019 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 2(c).

13 General fund

	2020	*2019*
Balance at the beginning of the year	$ 8,194,711	$ 6,272,176
Surplus for the year	879,415	2,009,304
Transfer from/(to) designated funds	445,397	(86,769)
Balance at the end of the year	$ 9,519,523	$ 8,194,711

14 Capital Expenditure Fund

	2020	2019
Balance at the beginning of the year	$ -	$ -
Donations received during the year		
- HSBC Trustee	$ 50,000	$ 50,000
Expenditure for the year	(75,292)	(55,586)
Deficit for the year	$ (25,292)	$ (5,586)
Transferred (to)/from donations/grants received in advance (note 10)	$ (33,414)	$ 5,586
Transferred from Community Development Program Fund (note 17)	74,975	-
Transferred from Specific Programme Activities Fund (note 18)	415,087	-
Transferred to general fund (note 13)	(431,356)	-
	$ 25,292	$ 5,586
Balance at the end of the year	$ -	$ -

The Capital Expenditure Fund is used for the purchase of furniture and equipment or renovation work for the CDC.

15 Family Support Services Fund

		2020		*2019*
Balance at the beginning of the year	$	3,073	$	240,244
Donations received during the year				
- Concord Wang Limited	$	-	$	64,000
- FWD Life Insurance Limited		100,000		60,000
- The Yip Foundation Limited		-		10,000
- The Yeh Family Philanthropy		250,000		-
- Others		12,000		11,062
	$	362,000	$	145,062
Expenditure for the year		(57,403)		(288,404)
Surplus/(deficit) for the year	$	304,597	$	(143,342)
Transferred to general fund (note 13)	$	-	$	(188,773)
Transferred from other receivables (note 7)		-		94,944
	$	-	$	(93,829)
Balance at the end of the year	$	307,670	$	3,073

The fund is used for the provision of supports for parents within the special needs community. Supports can be in form of sharing of professional talk.

16 Therapeutic Intervention Fund

		2020		*2019*
Balance at the beginning of the year	$	108,924	$	130,308
Donations received during the year				
- The American Chamber of Commerce Charitable Foundation	$	25,900	$	-
- Queen Elizabeth Foundation		-		6,300
- The William E Conner Foundation Inc.		-		22,260
	$	25,900	$	28,560
Expenditure for the year		(32,274)		(23,944)
(Deficit)/surplus for the year	$	(6,374)	$	4,616
Transferred to Financial Aid Fund (note 21)	$	-	$	(26,000)
Transferred to general fund (note 13)		(13,900)		-
	$	(13,900)	$	(26,000)
Balance at the end of the year	$	88,650	$	108,924

The fund is used for the provision of different individual and group therapy as part of the intervention service offered.

17 Community Development Programme Fund

		2020		*2019*
Balance at the beginning of the year	$	108,289	$	328,060
Transferred to general fund (note 13)	$	-	$	(219,771)
Transferred to Long Service Award & Staff Welfare Reserve (note 22)		(33,314)		-
Transferred to Capital Expenditure Fund (note 14)		(74,975)		-
	$	(108,289)	$	(219,771)
Balance at the end of the year	$	-	$	108,289

The fund is used for programmes aimed to increase awareness for special needs children in the community and to increase publicity of the CDC and its services provided.

18 Specific Programme Activities Fund

	2020	2019
Balance at the beginning of the year	$ 519,064	$ 532,421
Donations received during the year		
- Peter Chan Jee Yat Charitable Foundation	$ -	$ 45,360
- The Welfare League Trust	50,000	100,000
- Bright Start Project	-	192,788
- Others	35,000	50,000
	$ 85,000	$ 388,148
Expenditure for the year	(118,362)	(396,824)
Deficit for the year	$ (33,362)	$ (8,676)
Transferred to general fund (note 13)	$ (141)	$ (4,681)
Transferred to Capital Expenditure Fund (note 14)	(415,087)	-
Transferred to Long Service Award & Staff Welfare Reserve (note 22)	(20,474)	-
	$ (435,702)	$ (4,681)
Balance at the end of the year	$ 50,000	$ 519,064

The fund is used for specified programmes requested by either donor or service recipients. Programme activities can vary from workshops, seminars to treatment camps, etc.

19 Lotteries Fund

		2020	2019
(a)	***Block Grant***		
	Balance at the beginning of the year	$ -	$ -
	Grant received during the year	$ 120,000	$ 115,000
	Expenditure for the year	(4,999)	(31,681)
	Surplus for the year	$ 115,001	$ 83,319
	Transferred to donations/grants received in advance (note 10)	$ (115,001)	$ (83,319)
	Balance at the end of the year	$ -	$ -
(b)	***SWD Development Fund – Phase 3***		
	Balance at the beginning of the year	$ -	$ -
	Grant received during the year	$ 169,895	$ 306,960
	Expenditure for the year	(181,254)	(384,331)
	Deficit for the year	$ (11,359)	$ (77,371)
	Transferred from surplus subventions (note 11)	$ 11,359	$ 77,371
	Balance at the end of the year	$ -	$ -
(c)	***Community-based Support Projects***		
	Balance at the beginning of the year	$ 54	$ (1,272)
	Grant received during the year	$ 64,323	$ 64,323
	Expenditure for the year	(25,516)	(62,997)
	Surplus for the year	$ 38,807	$ 1,326
	Balance at the end of the year	$ 38,861	$ 54

19 Lotteries Fund (continued)

	2020	2019
(d) Training Subsidy Programme		
Balance at the beginning of the year	$ -	$ -
Grant received during the year	$ 206,550	$ 279,450
Expenditure for the year	(255,075)	(352,350)
Deficit for the year	$ (48,525)	$ (72,900)
Transfer from other receivables (note 7)	$ 48,525	$ 72,900
Balance at the end of the year	$ -	$ -
(e) COVID-19 additional funding		
Balance at the beginning of the year	$ -	$ -
Grant received during the year	$ 31,000	$ -
Expenditure for the year	(22,053)	-
Surplus for the year	$ 8,947	$ -
Balance at the end of the year	$ 8,947	$ -
Balance of Lotteries Fund at the end of year	$ 47,808	$ 54

There were no outstanding commitments in respect of replenishment of furniture and equipment or minor works under the Lotteries Fund for both years.

The fund is used for various programmes allowed under the government subvention usage such as but not limited to acquiring fixed assets for the programmes or its related expenses.

20 Professional Development Fund

	2020	2019
Balance at the beginning of the year	$ -	$ 9,232
Donations received during the year	$ 117,000	$ -
Expenditure for the year	(3,917)	(9,232)
Surplus/(deficit) for the year	$ 113,083	$ (9,232)
Balance at the end of the year	$ 113,083	$ -

The fund is used for the provision of professional training for staff members to deliver better services to our clients.

21 Financial Aid Fund

	2020	2019
Balance at the beginning of the year	$ 9,243	$ 186,108
Donations received during the year		
- Kosun Investments Limited	$ -	$ 50,000
- Rusy And Purviz Shroff Charitable Foundation	120,000	-
- The HK Racehorse Owners Association Charitable Foundation Limited	200,000	-
- The Welfare League Trust	50,000	-
- Yvonne Becher	9,560	-
	$ 379,560	$ 50,000
Expenditure for the year	(133,133)	(252,865)
Surplus/(deficit) for the year	$ 246,427	$ (202,865)
Transferred from Therapeutic Intervention Fund (note 16)	$ -	$ 26,000
Balance at the end of the year	$ 255,670	$ 9,243

The fund is used for subsidising students in the group programmes.

22 Long Service Award & Staff Welfare Reserve

	2020	2019
Balance at the beginning of the year	$ 445,753	$ -
Expenditure for the year	$ (1,821)	$ (54,247)
Deficit for the year	$ (1,821)	$ (54,247)
Transferred from general fund (note 13)	$ -	$ 500,000
Transferred from Community Development Programme Fund (note 17)	33,314	-
Transferred from Specific Programme Activities Fund (note 18)	20,474	-
	$ 53,788	$ 500,000
Balance at the end of the year	$ 497,720	$ 445,753

The fund is used for long services awards for staff.

23 Material related party transactions

(a) Transactions with key management personnel

Key management personnel of the CDC includes the CDC's Executive Committee members and the Chief Executive. The emoluments of the Executive Committee members are disclosed in note 4.

The emoluments of the CDC's Chief Executive are as follows:

	2020	2019
Fees	$ -	$ -
Salaries, allowances and benefits in kind	1,236,764	1,145,276
Discretionary bonuses	-	-
Retirement scheme contributions	18,000	18,000
	$ 1,254,764	$ 1,163,276

Total emoluments are included in "staff costs" (see note 5).

23 Material related party transactions (continued)

(b) Donations

Donations received during the year include funds provided by the Executive Committee members, the CDC's Chief Executive and ex-Executive Committee member of $40,650 (2019: $102,756), $10,830 (2019: $2,000) and $1,000 (2019: $Nil) respectively.

24 Financial risk management and fair values of financial instruments

Exposure to credit and liquidity risks arises in the normal course of the CDC's operations. These risks are limited by the CDC's financial management policies and practices described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the CDC. The CDC's credit risk is primarily attributable to fees and other receivables and cash and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The CDC's exposure to credit risk arising from cash and bank balances is limited because the counterparties are banks and financial institutions with sound credit ratings. The CDC measures loss allowance for fees and other receivables in accordance with note 2(g), which is calculated using a provision matrix based on the CDC's historical credit loss experience and patterns, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions at the reporting date. With reference to the recent historical credit loss experience, the loss allowance is insignificant.

(b) Liquidity risk

The CDC is responsible for its own cash management. The CDC's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate subventions and donations to meet its liquidity requirements in the short and longer term.

All financial liabilities are carried at amounts not materially different from their contractual undiscounted cash flow and are with maturities within one year or repayable on demand at the end of the reporting period.

(c) Fair values measurement

The carrying amounts of the CDC's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2020 and 31 March 2019.

25 Lease commitments

At 31 March 2019, the total future aggregate minimum lease payments under the aforementioned non-cancellable lease agreements are payable as follows:

	2019
Within one year	$ 1,875,288
After one year but within five years	110,296
	$ 1,985,584

The CDC is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The CDC has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the CDC adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see note 2(c)). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2(f), and the details regarding the company's future lease payments are disclosed in note 12.

26 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 March 2020 and which have not been adopted in these financial statements. These include the following which may be relevant to the CDC.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKAS 8, *Definition of material*	1 January 2020

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