The Child Development Centre

明德兒童啓育中心

(Limited by Guarantee)

Financial Statements
Year ended 31 March 2024

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 2024.

Registered office

The Child Development Centre ("the CDC") is incorporated and domiciled in Hong Kong and has its registered office at unit 7, 4/F, Victoria Centre, 15 Watson Road, Fortress Hill, 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:

Abigail Ruth Rachel Tannis Porter	
Cruzanne Ila Macalligan	
Gordon William Ewing Jones	Co Vice-Chair
Henson Kuan Leung Lam	
Jacklyn Yun-Ning Hui-Fu	
Joanne Hon	
Peter John Gregoire	(resigned on 31 July 2024)
Sabrina Chi Wai Ho	Chairman
Sheung Chi Clara Chin	Honorary Treasurer
Virginia Teresa Wilson	Co Vice-Chair

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.

A new site in North Point was allocated by the Social Welfare Department for its subvented services. The centre was opened and started operation on 10 October 2022. The fitting-out works and furniture and equipment of the centre were mainly generously funded by the Lotteries Fund.

The centre in Wanchai was relocated to Fortress Hill and started operation on 9 October 2023. The costs for setting up of the new centre are generously funded by the Hong Kong Jockey Club Charities Trust.

Staff

Our multi-disciplinary team of Special Educational Needs Teachers, Speech Therapists, Occupational Therapists, 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") was held on 3 June 2023 and the event raised HK$1.8 million (net of expenses) from the online silent auction, general donation and table sales. Our warmest thanks to the Daddy Daughter Ball Committee for all their time, effort and generosity and to those who helped during these challenging times.

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 Mr. Pak Ming Chan and his staff for their assistance and sound advice.

By order of the Executive Committee

Hong Kong,
21 OCT 2024

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 37, which comprise the statement of financial position as at 31 March 2024, the statement of comprehensive income, the statement of changes in funds and the cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the CDC as at 31 March 2024 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.

KPMG

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

21 OCT 2024

Statement of comprehensive income for the year ended 31 March 2024

(Expressed in Hong Kong dollars)

	Note	2024				
		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		$ -	$ 8,464,554	$ 365,927	$ 8,830,481	$ 8,830,481
Service fee income	3	5,938,106	517,229	-	517,229	6,455,335
Income from fund raising activities		2,544,842	-	-	-	2,544,842
Donations received						
- General donations		626,650	-	-	-	626,650
- Specific donations		-	-	799,569	799,569	799,569
		$ 9,109,598	$ 8,981,783	$ 1,165,496	$ 10,147,279	$ 19,256,877
Other net income						
Interest income		$ 288,615	$ 11,459	$ 234	$ 11,693	$ 300,308
Miscellaneous income		1,278	313	-	313	1,591
		$ 289,893	$ 11,772	$ 234	$ 12,006	$ 301,899
Expenditure						
Activities expenses		$ 2,296	$ 2,100	$ 86,874	$ 88,974	$ 91,270
Advertising and publicity expenses		53,213	47,973	-	47,973	101,186
Consultancy fees		-	-	90,000	90,000	90,000
Depreciation		928,296	-	-	-	928,296
Direct fund raising expenses		741,317	-	-	-	741,317
Direct programme expenses		351,603	16,553	59,509	76,062	427,665
Electricity expenses		100,453	50,525	-	50,525	150,978
Entertainment		3,262	-	-	-	3,262
Fee remission		-	-	429,664	429,664	429,664
Insurance		36,227	41,489	-	41,489	77,716
Legal and professional fee		17,905	6,310	-	6,310	24,215
Interest on lease liabilities	8(b)	145,368	-	-	-	145,368
IT expenses		46,698	39,590	85,510	125,100	171,798
Miscellaneous expenses		39,249	8,723	-	8,723	47,972
Office supplies		23,972	13,484	4,453	17,937	41,909
Printing, stationery and supplies		47,826	31,027	-	31,027	78,853
Rent, rates and utilities		718,628	50,007	-	50,007	768,635
Repairs and maintenance		31,848	18,184	5,350	23,534	55,382
Staff costs	5	7,573,765	7,339,649	232,584	7,572,233	15,145,998
Subscription fee		3,085	2,790	1,003	3,793	6,878
Telephone, fax and postage		16,371	17,186	-	17,186	33,557
Translation fees		-	-	11,883	11,883	11,883
Travelling		1,383	1,375	4,134	5,509	6,892
		$ 10,882,765	$ 7,686,965	$ 1,010,964	$ 8,697,929	$ 19,580,694
(Deficit)/surplus for the year	13	$ (1,483,274)	$ 1,306,590	$ 154,766	$ 1,461,356	$ (21,918)

Statement of comprehensive income for the year ended 31 March 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	2023				
		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		$ -	$ 8,236,560	$ 459,850	$ 8,696,410	$ 8,696,410
Employment Support Scheme subsidy		861,600	-	-	-	861,600
Service fee income	3	6,340,830	118,200	-	118,200	6,459,030
Income from fund raising activities		1,829,414	-	-	-	1,829,414
Donations received						
- General donations		384,578	-	-	-	384,578
- Specific donations		-	-	1,378,981	1,378,981	1,378,981
		$ 9,416,422	$ 8,354,760	$ 1,838,831	$ 10,193,591	$ 19,610,013
Other net income						
Interest income		$ 199,141	$ 849	$ -	$ 849	$ 199,990
Miscellaneous income		51,485	-	-	-	51,485
		$ 250,626	$ 849	$ -	$ 849	$ 251,475
Expenditure						
Activities expenses		$ 2,691	$ 294	$ 139,902	$ 140,196	$ 142,887
Advertising and publicity expenses		72,527	60,267	-	60,267	132,794
Consultancy fees		-	-	28,000	28,000	28,000
Depreciation		166,955	-	-	-	166,955
Direct fund raising expenses		615,445	-	-	-	615,445
Direct programme expenses		52,776	20,243	228,349	248,592	301,368
Electricity expenses		91,548	25,918	-	25,918	117,466
Entertainment		1,732	-	-	-	1,732
Fee remission		-	-	596,290	596,290	596,290
Insurance		36,499	36,499	-	36,499	72,998
Legal and professional fee		7,425	5,482	-	5,482	12,907
Interest on lease liabilities	8(b)	21,954	-	-	-	21,954
IT expenses		54,242	53,240	97,090	150,330	204,572
Miscellaneous expenses		52,108	10,928	8,441	19,369	71,477
Office supplies		33,851	14,577	22,118	36,695	70,546
Printing, stationery and supplies		61,389	20,688	3,719	24,407	85,796
Rent, rates and utilities		207,374	173,529	125,000	298,529	505,903
Repairs and maintenance		98,252	-	-	-	98,252
Staff costs	5	7,706,251	7,310,780	375,894	7,686,674	15,392,925
Subscription fee		7,844	-	495	495	8,339
Telephone, fax and postage		24,693	11,146	65	11,211	35,904
Translation fees		-	-	29,647	29,647	29,647
Travelling		2,708	1,183	13,947	15,130	17,838
		$ 9,318,264	$ 7,744,774	$ 1,668,957	$ 9,413,731	$ 18,731,995
Surplus for the year	13	$ 348,784	$ 610,835	$ 169,874	$ 780,709	$ 1,129,493

The notes on pages 14 to 37 form part of these financial statements.

Statement of financial position at 31 March 2024

(Expressed in Hong Kong dollars)

	Note	*2024*	*2023*
Non-current asset			
Property, plant and equipment	6	$ 2,249,550	$ -
Current assets			
Fees and other receivables	7	$ 3,612,857	$ 6,025,657
Cash and bank deposits	8(a)	14,382,423	11,442,226
		$ 17,995,280	$ 17,467,883
Current liabilities			
Payables and accruals	9	$ 1,728,004	$ 1,793,230
Refundable deposits	9	354,610	484,430
Donations/grants received in advance	10	2,179,456	2,286,311
Surplus subventions	11	2,080,492	1,322,940
Lease liabilities	12	1,017,350	-
		$ 7,359,912	$ 5,886,911
Net current assets		$ 10,635,368	$ 11,580,972
Total assets less current liabilities		$ 12,884,918	$ 11,580,972
Non-current liability			
Lease liabilities	12	$ 1,325,864	$ -
NET ASSETS		$ 11,559,054	$ 11,580,972

Statement of financial position at 31 March 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	2024	2023
Representing:			
General fund	13	$ 8,046,064	$ 9,529,338
Designated funds	14		
Capital Expenditure Fund		$ -	$ -
Family Support Services Fund		10,255	9,299
Therapeutic Intervention Fund		269,737	282,363
Community Development Programme Fund		-	-
Specific Programme Activities Fund		100,000	100,000
Lotteries Fund		34,214	-
Professional Development Fund		491,313	195,844
Financial Aid Fund		463,188	600,260
Long Service Award & Staff Welfare Reserve		226,858	253,033
Lump Sum Grant Reserve	11(a)	1,917,425	610,835
		$ 3,512,990	$ 2,051,634
		$ 11,559,054	$ 11,580,972

Approved and authorised for issue by the Executive Committee on 21 OCT 2024

Sabrina HO

Clara CHIN

) Members of the Executive Committee

The notes on pages 14 to 37 form part of these financial statements.

Statement of changes in funds for the year ended 31 March 2024

(Expressed in Hong Kong dollars)

	General Fund	*Designated Funds*	*Total*
Balance at 1 April 2022	$ 9,180,554	$ 1,270,925	$ 10,451,479
Net surplus for the year	348,784	780,709	1,129,493
Balance at 31 March 2023	$ 9,529,338	$ 2,051,634	$ 11,580,972
Balance at 1 April 2023	$ 9,529,338	$ 2,051,634	$ 11,580,972
Net (deficit)/surplus for the year	(1,483,274)	1,461,356	(21,918)
Balance at 31 March 2024	$ 8,046,064	$ 3,512,990	$ 11,559,054

The notes on pages 14 to 37 form part of these financial statements.

Cash flow statement
for the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	Note	2024	2023
Operating activities			
Net (deficit)/surplus for the year		$ (21,918)	$ 1,129,493
Adjustments for:			
Interest income		(300,308)	(199,990)
Interest on lease liabilities	8(b)	145,368	21,954
Depreciation		928,296	166,955
Operating surplus before changes in working capital		$ 751,438	$ 1,118,412
Decrease/(increase) in fees and other receivables		2,412,800	(4,234,736)
(Decrease)/increase in payables and accruals		(65,226)	1,240,398
(Decrease)/increase in refundable deposits		(129,820)	18,360
Increase in donations/grants received in advance		285,044	926,118
Increase in surplus subventions		757,552	642,789
Net cash generated from/(used in) operating activities		$ 4,011,788	$ (288,659)
Investing activities			
Payment for purchase of property, plant and equipment		$ (5,845,971)	$ (4,558,469)
Interest received from bank deposits		300,308	199,990
Increase in deposits with banks with original maturity over 3 months	8(a)	(3,486,178)	-
Net cash used in investing activities		$ (9,031,841)	$ (4,358,479)

Cash flow statement
for the year ended 31 March 2024 (continued)
(Expressed in Hong Kong dollars)

	Note	*2024*	*2023*
Financing activities			
Capital element for lease rentals paid	8(b)	$ (834,632)	$ (1,558,046)
Interest element for lease rentals paid	8(b)	(145,368)	(21,954)
Decrease in fund receivables		5,454,072	3,662,704
Net cash generated from financing activities		$ 4,474,072	$ 2,082,704
Net decrease in cash and cash equivalents		$ (545,981)	$ (2,564,434)
Cash and cash equivalents at beginning of year		11,442,226	14,006,660
Cash and cash equivalents at end of year	8(a)	$ 10,896,245	$ 11,442,226

The notes on pages 14 to 37 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 2024, the CDC had 10 members (2023: 10 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 Material 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. Material accounting policies adopted by the CDC are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the 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.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In July 2023, the HKICPA published "Accounting implications of the abolition of the mandatory provident fund ("MPF")-long service payment ("LSP") offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. The amendment has no material impact on the CDC's LSP liability with respect to employees that participate in the MPF Scheme.

2 Material accounting policies (continued)

(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.

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

None of these 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.

(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.

2 Material accounting policies (continued)

(ii) Subventions from the Social Welfare Department/Government

Subventions from the Social Welfare Department/Government 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) 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.

(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.

2 Material accounting policies (continued)

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.

As a lessee

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)).

2 Material accounting policies (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the 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.

(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.

2 Material accounting policies (continued)

(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 invoice amounts.

(j) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(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 Material 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:

	2024	*2023*
School fees	$ 2,733,223	$ 2,686,665
Service fees	3,331,747	3,772,365
Other income (note)	390,365	-
	$ 6,455,335	$ 6,459,030

Note: The amount represents adjustment of service fee income from the Self-Supporting Programmes to the Lump Sum Grant Programme as per SWD letter dated 2.7.2024.

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:

	2024	*2023*
Executive Committee members' fees	$ -	$ -
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-

5 Staff costs

	2024	*2023*
Contributions to defined contribution retirement plan	$ 550,175	$ 553,446
Salaries, allowances and benefits in kind	14,595,823	14,839,479
	$ 15,145,998	$ 15,392,925

6 Property, plant and equipment

	Computer equipment	*Furniture, fixtures and equipment*	*Leasehold improvement*	*Properties leased for own use*	*Total*
Cost:					
At 1 April 2022	$ 26,500	$ -	$ -	$ 2,409,264	$ 2,435,764
Additions	50,500	994,440	-	3,513,529	4,558,469
Transfer to donation/grants received in advance (note 10)	-	(612,124)	-	(283,641)	(895,765)
Transfer to other receivables (note 7)	(50,500)	(382,316)	-	(3,229,888)	(3,662,704)
Write off	-	-	-	(2,409,264)	(2,409,264)
At 31 March 2023 and 1 April 2023	$ 26,500	$ -	$ -	$ -	$ 26,500
Additions	77,190	381,170	5,387,611	3,177,846	9,023,817
Transfer to donation/grants received in advance (note 10)	(42,150)	(239,399)	(110,350)	-	(391,899)
Transfer to other receivables (note 7)	(35,040)	(141,771)	(5,277,261)	-	(5,454,072)
At 31 March 2024	$ 26,500	$ -	$ -	$ 3,177,846	$ 3,204,346
Accumulated depreciation:					
At 1 April 2022	$ 26,500	$ -	$ -	$ 2,242,309	$ 2,268,809
Charge for the year	-	-	-	166,955	166,955
Write off	-	-	-	(2,409,264)	(2,409,264)
At 31 March 2023 and 1 April 2023	$ 26,500	$ -	$ -	$ -	$ 26,500
Charge for the year	-	-	-	928,296	928,296
At 31 March 2024	$ 26,500	$ -	$ -	$ 928,296	$ 954,796
Net book value:					
At 31 March 2024	$ -	$ -	$ -	$ 2,249,550	$ 2,249,550
At 31 March 2023	$ -	$ -	$ -	$ -	$ -

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	*2024*	*2023*
Properties leased for own use, carried at depreciated cost	(i)	$ 2,249,550	$ -

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

	2024	*2023*
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	$ 928,296	$ 166,955
Expenses related to short-term lease	$ 612,000	$ 122,400
Interest on lease liabilities	145,368	21,954

During the year, additions to right-of-use assets were $3,177,846 (2023: $Nil). The amount related to the capitalised lease payments payable under new tenancy agreement which commenced in May 2023.

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 1-3 years.

The lease includes an option to renew for a further term of two years at the then prevailing Open Market Rent with no more than 25% increase to the rent after the end of the contract term.

7 Fees and other receivables

	2024	*2023*
Fees receivables	$ 251,980	$ 489,220
Other receivables (note (a))	1,432,750	1,704,312
Receivables due from Hong Kong Jockey Club Charities Trust (note (c))	1,190,564	-
Receivables due from Lotteries Fund (note (b))		
- Fitting-out works	737,563	3,229,888
- Furniture and equipment	-	602,237
	$ 3,612,857	$ 6,025,657

Notes:

(a) The balance of other receivables included receivable due from SWD for "Training Subsidy Programme", deposits and prepayment.

(b) The fitting-out works and furniture and equipment for the reprovisioning of the subvented Early Education Training Centre service to the North Point Centre are funded by the Lotteries Fund. Total grant (Grant code: 35141-644-0010-000) received from SWD up to 20 September 2023 was $3,546,410.

(c) The cost for setting up of a new centre in Fortress Hill was funded by the Hong Kong Jockey Club Charities Trust. The total donation of $5,384,139 has been received from the Trust up to 30 August 2024.

The CDC's credit policy is set out in note 16(a).

8 Cash and bank deposits

(a) Cash and cash equivalents comprise:

	2024	*2023*
Bank deposits	$ 9,364,903	$ 6,685,664
Cash at bank and on hand	5,017,520	4,756,562
Cash and cash equivalents in the statement of financial position	14,382,423	11,442,226
Bank deposits with original maturity over 3 months	(3,486,178)	-
Cash and cash equivalents in the cash flow statement	$ 10,896,245	$ 11,442,226

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)	
	2024	*2023*
At 1 April	$ -	$ 1,558,046
Changes from financing cash flows:		
Capital element of lease rentals paid	$ (834,632)	$ (1,558,046)
Interest element of lease rentals paid	(145,368)	(21,954)
Total changes from financing cash flows	$ (980,000)	$ (1,580,000)
Other changes:		
Increase in lease liabilities from entering into a new lease during the year	$ 3,177,846	$ -
Interest element of lease rentals paid	145,368	21,954
Total other changes	$ 3,323,214	$ 21,954
At 31 March	$ 2,343,214	$ -

(c) Total cash outflow for leases

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

	2024	*2023*
Within operating cash flow	$ 612,000	$ 122,400
Within financing cash flows	980,000	1,580,000
	$ 1,592,000	$ 1,702,400

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

	2024	2023
Balance at the beginning of the year	$ 2,286,311	$ 2,255,958
Transferred from Capital Expenditure Fund (note 14)	$ 285,044	$ 1,194,672
Transferred to Family Support Services Fund (note 14)	-	(187,820)
Donation returned to Family Support Services Fund	-	(223,734)
Transferred from Lotteries Fund (note (a) and note 14)	-	143,000
Transferred to property, plant and equipment (note 6)	(391,899)	(895,765)
	$ (106,855)	$ 30,353
Balance at the end of the year	$ 2,179,456	$ 2,286,311

Note:

(a) Block Grant (for Furniture and Equipment replenishment and minor works in the subvented centre)

	2024	2023
Balance at the beginning of the year	$ 545,343	$ 402,343
Block Grant received during the year	$ -	$ 143,000
Interest income received	-	-
Other income	-	-
Expenditure during the year – Furniture and Equipment	-	-
	$ -	$ 143,000
Balance at the end of the year	$ 545,343	$ 545,343

Capital commitments

The outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Block Grant were as follows:

	2024	2023
Contracted for but not provided in the financial statements	$ -	$ -
Authorised but not contracted for	-	-
	$ -	$ -

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:

	2024	*2023*
Balance at the beginning of the year	$ 1,322,940	$ 680,151
Receipt of subsidies/(utilisation and refunds), net		
- Lump Sum Grant reserve (including surplus for Provident Fund subvention of 6.8% and Rent and Rate subvention (note (a))	$ 726,012	$ 654,957
- SWD Development Fund – Phase 3 (note (b))	186	5,949
- Enhanced Support for Ethnic Minority Children (note (c))	31,354	13,883
- COVID-19 additional funding (note (d))	-	(32,000)
	$ 757,552	$ 642,789
Balance at the end of the year	$ 2,080,492	$ 1,322,940

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 Rent and Rate subvention.

	2024	*2023*
Balance at the beginning of the year	$ 1,096,448	$ 441,491
Grant received during the year	8,696,066	8,314,537
Expenditure during the year	(7,548,329)	(7,490,881)
Others (note)	884,865	442,136
Transfer to Lump Sum Grant Reserve	(1,306,590)	(610,835)
Balance at the end of the year	$ 1,822,460	$ 1,096,448

Note: The amount included excessive subvention received, amounting to $1,377,332 (2023: $643,236) and $643,237 (2023: $Nil) excessive subvention refunded to SWD in connection to rental subsidy.

11 Surplus subventions (continued)

(b) SWD Development Fund – Phase 3

The CDC has utilised during the year ended 31 March 2024, the subvention received during the current and previous years from the Lotteries Fund relating to the SWD Development Fund. Last year, 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.

		2024		*2023*
Balance at the beginning of the year	$	28,467	$	22,518
Grant received during the year		-		6,300
Interest received during the year		186		-
Expenditure for administrative support		-		(351)
Balance at the end of the year	$	28,653	$	28,467

(c) Enhanced Support for Ethnic Minority Children

The CDC has utilised during the year ended 31 March 2024, the subvention received during the current and previous years from the Lotteries Fund relating to the Enhanced Support for Ethnic Minority Children. Last year, the CDC has transferred the surplus subvention received from the Lotteries Fund relating to the Enhanced Support for Ethnic Minority Children from designated funds to "surplus subventions" as a liability, since the funds could be subject to claw back by the SWD.

		2024		*2023*
Balance at the beginning of the year	$	198,025	$	184,142
Grant received during the year		140,000		210,000
Expenditure for projects		(116,151)		(196,117)
Transfer from Financial Aid Fund		7,505		-
Balance at the end of the year	$	229,379	$	198,025

11 Surplus subventions (continued)

(d) COVID-19 additional funding

The fund is additionally provided for purchasing disinfection supplies to cope with COVID-19 outbreak.

	2024	*2023*
Balance at the beginning of the year	$ -	$ 32,000
Grant (returned)/received during the year	-	(12,000)
Expenditure during the year	-	(20,000)
Balance at the end of the year	$ -	$ -

12 Lease liabilities

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

	2024	*2023*
Within 1 year	$ 1,017,350	$ -
After 1 year but within 2 years	$ 1,114,368	$ -
After 2 years but within 5 years	211,496	-
	$ 1,325,864	$ -
	$ 2,343,214	$ -

13 General fund

	2024	*2023*
Balance at the beginning of the year	$ 9,529,338	$ 9,180,554
(Deficit)/surplus for the year	(1,483,274)	348,784
Balance at the end of the year	$ 8,046,064	$ 9,529,338

14 Designated Funds

	Note	Capital Expenditure Fund (Note (a))	Family Support Services Fund (Note (b))	Therapeutic Intervention Fund (Note (c))	Community Development Programme Fund (Note (d))	Specific Programme Activities Fund (Note (e))	Lotteries Fund (Note (f))	Professional Development Fund (Note (g))	Financial Aid Fund (Note (h))	Long Service Award & Staff Welfare Reserve (Note (i))	Lump Sum Grant Reserve (Note 11(a))	Total
						2024						
Balance at 1 April 2023		$ -	$ 9,299	$ 282,363	$ -	$ 100,000	$ -	$ 195,844	$ 600,260	$ 253,033	$ 610,835	$ 2,051,634
Donation received during the year		344,242	20,000	110,400	-	100,000	-	370,000	157,100	-	-	1,101,742
Grant received during the year		193,255	-	-	-	-	4,575,571	-	-	-	8,464,554	13,233,380
Capital expenditure for the year		(390,176)	-	-	-	-	(461,055)	-	-	-	-	(851,231)
Income for the year		-	-	-	-	-	234	-	-	-	390,365	390,599
Expenditure for the year		(244,969)	(19,044)	(127,476)	-	(100,000)	(138,692)	(74,531)	(284,527)	(21,725)	(7,548,329)	(8,559,293)
Surplus/(deficit) for the year		$ (97,648)	$ 956	$ (17,076)	$ -	$ -	$ 3,976,058	$ 295,469	$ (127,427)	$ (21,725)	$ 1,306,590	$ 5,315,197
Transferred (to)/from donations/grants received in advance	10	$ (285,044)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (285,044)
Transferred from/(to) designated fund		-	-	4,450	-	-	7,505	-	(7,505)	(4,450)	-	-
Transferred (to)/from other receivables		(9,207)	-	-	-	-	(4,378,864)	-	(2,140)	-	-	(4,390,211)
Transferred from property, plant and equipment	6	391,899	-	-	-	-	461,055	-	-	-	-	852,954
Transferred to surplus subventions	11	-	-	-	-	-	(31,540)	-	-	-	-	(31,540)
		$ 97,648	$ -	$ 4,450	$ -	$ -	$ (3,941,844)	$ -	$ (9,645)	$ (4,450)	$ -	$ (3,853,841)
Net (deficit)/surplus for the year		$ -	$ 956	$ (12,626)	$ -	$ -	$ 34,214	$ 295,469	$ (137,072)	$ (26,175)	$ 1,306,590	$ 1,461,356
Balance at 31 March 2024		$ -	$ 10,255	$ 269,737	$ -	$ 100,000	$ 34,214	$ 491,313	$ 463,188	$ 226,858	$ 1,917,425	$ 3,512,990

14 Designated Funds (continued)

	Note	Capital Expenditure Fund (Note (a))	Family Support Services Fund (Note (b))	Therapeutic Intervention Fund (Note (c))	Community Development Programme Fund (Note (d))	Specific Programme Activities Fund (Note (e))	Lotteries Fund (Note (f))	Professional Development Fund (Note (g))	Financial Aid Fund (Note (h))	Long Service Award & Staff Welfare Reserve (Note (i))	Lump Sum Grant Reserve (Note 11(a))	Total
						2023						
Balance at 1 April 2022		$ -	$ 84,490	$ 168,102	$ -	$ -	$ 85,639	$ 419	$ 439,580	$ 492,695	$ -	$ 1,270,925
Donation received during the year		1,179,290	44,228	180,510	-	100,000	-	250,000	563,980	125,000	-	2,443,008
Grant received during the year		-	-	-	-	-	823,611	-	-	-	8,236,560	9,060,171
Capital expenditure for the year		(886,610)	-	-	-	-	(3,662,704)	-	-	-	-	(4,549,314)
Expenditure for the year		(124,983)	(307,239)	(66,249)	-	-	(545,489)	(54,575)	(405,760)	(164,662)	(7,625,725)	(9,294,682)
Surplus/(deficit) for the year		$ 167,697	$ (263,011)	$ 114,261	$ -	$ 100,000	$ (3,384,582)	$ 195,425	$ 158,220	$ (39,662)	$ 610,835	$ (2,340,817)
Transferred (to)/from donations/grants received in advance	10	$ (1,194,672)	$ 187,820	$ -	$ -	$ -	$ (143,000)	$ -	$ -	$ -	$ -	$ (1,149,852)
Transferred from/(to) designated fund		200,000	-	-	-	-	-	-	-	(200,000)	-	-
Transferred (to)/from other receivables		(68,790)	-	-	-	-	(232,929)	-	2,460	-	-	(299,259)
Transferred from property, plant and equipment	6	895,765	-	-	-	-	3,662,704	-	-	-	-	4,558,469
Transferred from surplus subventions	11	-	-	-	-	-	12,168	-	-	-	-	12,168
		$ (167,697)	$ 187,820	$ -	$ -	$ -	$ 3,298,943	$ -	$ 2,460	$ (200,000)	$ -	$ 3,121,526
Net (deficit)/surplus for the year		$ -	$ (75,191)	$ 114,261	$ -	$ 100,000	$ (85,639)	$ 195,425	$ 160,680	$ (239,662)	$ 610,835	$ 780,709
Balance at 31 March 2023		$ -	$ 9,299	$ 282,363	$ -	$ 100,000	$ -	$ 195,844	$ 600,260	$ 253,033	$ 610,835	$ 2,051,634

14 Designated Funds (continued)

(a) Capital Expenditure Fund

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

(b) Family Support Services Fund

The fund is used for the provision of supports for parents within the special needs community.

(c) Therapeutic Intervention Fund

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

(d) Community Development Programme Fund

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.

(e) Specific Programme Activities Fund

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.

14 Designated Funds (continued)

(f) Lotteries Fund

	Note	Block Grant	SWD Development Fund – Phase 3	Community – based Support Projects	Training Subsidy Programme (Note)	COVID-19 additional funding	Enhanced Support for Ethnic Minority Children	Lotteries Fund – North Point F&E	Total
Balance at 1 April 2023		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grant received during the year		-	-	66,335	822,826	-	140,000	3,546,410	4,575,571
Capital expenditure for the year		-	-	-	-	-	-	(461,055)	(461,055)
Income for the year		-	186	48	-		-	-	234
Expenditure for the year		-	-	(22,541)	-		(116,151)	-	(138,692)
Surplus for the year		$ -	$ 186	$ 43,842	$ 822,826	$ -	$ 23,849	$ 3,085,355	$ 3,976,058
Transferred to donations/grants received in advance	10	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transferred to other receivables		-	-	(9,628)	(822,826)	-	-	(3,546,410)	(4,378,864)
Transferred from plant, property and equipment	6	-	-	-	-	-	-	461,055	461,055
Transferred from designated fund		-	-	-	-	-	7,505	-	7,505
Transferred to surplus subventions	11	-	(186)	-	-	-	(31,354)	-	(31,540)
		$ -	$ (186)	$ (9,628)	$ (822,826)	$ -	$ (23,849)	$ (3,085,355)	$ (3,941,844)
Net surplus for the year		$ -	$ -	$ 34,214	$ -	$ -	$ -	$ -	$ 34,214
Balance at 31 March 2024		$ -	$ -	$ 34,214	$ -	$ -	$ -	$ -	$ 34,214

14 Designated Funds (continued)

	Note	*Block Grant*	*SWD Development Fund – Phase 3*	*Community – based Support Projects*	*Training Subsidy Programme (Note)*	*COVID-19 additional funding*	*Enhanced Support for Ethnic Minority Children*	*Lotteries Fund – North Point F&E*	*Total*
Balance at 1 April 2022		$ -	$ -	$ 85,639	$ -	$ -	$ -	$ -	$ 85,639
Grant received/(returned) during the year		143,000	6,300	64,333	411,978	(12,000)	210,000	-	823,611
Capital expenditure for the year		-	-	-	-	-	-	(3,662,704)	(3,662,704)
Expenditure for the year		-	(351)	(159,600)	-	(20,000)	(196,117)	(169,421)	(545,489)
Surplus/(deficit) for the year		$ 143,000	$ 5,949	$ (95,267)	$ 411,978	$ (32,000)	$ 13,883	$ (3,832,125)	$ (3,384,582)
Transferred to donations/grants received in advance	10	$ (143,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ (143,000)
Transferred from/(to) other receivables		-	-	9,628	(411,978)	-	-	169,421	(232,929)
Transferred from plant, property and equipment	6	-	-	-	-	-	-	3,662,704	3,662,704
Transferred (to)/from surplus subventions	11	-	(5,949)	-	-	32,000	(13,883)	-	12,168
		$ (143,000)	$ (5,949)	$ 9,628	$ (411,978)	$ 32,000	$ (13,883)	$ 3,832,125	$ 3,298,943
Net deficit for the year		$ -	$ -	$ (85,639)	$ -	$ -	$ -	$ -	$ (85,639)
Balance at 31 March 2023		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Note: The expenditure of the fund for Training Subsidy Programme mainly represents the staff training cost.

14 Designated Funds (continued)

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.

(g) Professional Development Fund

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

(h) Financial Aid Fund

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

(i) Long Service Award & Staff Welfare Reserve

The fund is used for long services awards and general welfare for staff.

15 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 CDC's key management personnel are as follows:

	2024	*2023*
Fees	$ -	$ -
Salaries, allowances and benefits in kind	1,240,200	1,240,200
Discretionary bonuses	-	-
Retirement scheme contributions	18,000	18,000
	$ 1,258,200	$ 1,258,200

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

(b) Donations

Donations received during the year include funds provided by the key management personnel (including Executive Committee members and the CDC's Chief Executive) of $20,100 (2023: $26,760).

16 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.

Except for lease liabilities (note 12), 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 2024 and 31 March 2023.

17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the CDC.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2024
Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*	1 January 2024
Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

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.