KPMG

The Child Development Centre

明德兒童啓育中心

(Limited by Guarantee)

Financial Statements
Year ended 31 March 2022

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 2022.

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	(resigned on 25 October 2021)
Henson Kuan Leung Lam	
Kay McArdle	(resigned on 25 October 2021)
Jacklyn Yun-Ning Hui-Fu	
Gordon William Ewing Jones	
Abigail Ruth Rachel Tannis Porter	
Sheung Chi Clara Chin	Honorary Treasurer
Shirley Suet Lui Lee	(resigned on 4 August 2022)
Peter John Gregoire	(appointed on 10 May 2021)
Wilson Virginia Teresa	(appointed on 25 October 2021)
Macalligan Cruzanne Ila	(appointed on 25 October 2021)

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. The CDC has been allocated a new site in North Point by the Social Welfare Department for its subvented services. The premises were handed over to the CDC in March 2022. The tentative operation date is in the 4th quarter of 2022.

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") was rescheduled from 5 June 2021 to 14 August 2021 due to the COVID-19 epidemic. To comply with the social distancing regulation, the event ran on a smaller scale and was renamed as The Daddy Daughter Date ("the DDD"). The event raised HK$0.9 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 Miss. Heidi Chan and her staff for their assistance and sound advice.

By order of the Executive Committee

Sabrina Chi Wai Ho

Hong Kong,

24 OCT 2022

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 35, which comprise the statement of financial position as at 31 March 2022, 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 2022 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

24 OCT 2022

Statement of comprehensive income for the year ended 31 March 2022

(Expressed in Hong Kong dollars)

	Note	2022				
		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		$ -	$ 8,190,395	$ 956,161	$ 9,146,556	$ 9,146,556
Service fee income	3	5,269,253	14,800	-	14,800	5,284,053
Income from fund raising activities		1,505,402	-	-	-	1,505,402
Donations received						
- General donations		551,598	-	-	-	551,598
- Specific donations		-	-	2,820,918	2,820,918	2,820,918
		$ 7,326,253	$ 8,205,195	$ 3,777,079	$ 11,982,274	$ 19,308,527
Other net income						
Interest income		$ 26,331	$ -	$ -	$ -	$ 26,331
Miscellaneous income		34,164	-	-	-	34,164
		$ 60,495	$ -	$ -	$ -	$ 60,495
Expenditure						
Activities expenses		$ 27,900	$ -	$ 139,808	$ 139,808	$ 167,708
Advertising and publicity expenses		63,926	-	-	-	63,926
Consultancy fees		-	-	100,000	100,000	100,000
Depreciation		694,464	-	-	-	694,464
Direct fund raising expenses		599,323	-	-	-	599,323
Direct programme expenses		43,012	-	72,493	72,493	115,505
Electricity expenses		24,984	47,762	-	47,762	72,746
Entertainment		450	-	-	-	450
Fee remission		-	-	386,211	386,211	386,211
Insurance		69,111	-	-	-	69,111
Interest on lease liabilities		82,976	-	-	-	82,976
IT expenses		79,115	-	400,251	400,251	479,366
Miscellaneous expenses		60,841	-	-	-	60,841
Office supplies		37,592	-	-	-	37,592
Printing, stationery and supplies		79,341	-	-	-	79,341
Rent, rates and utilities		123,191	178,764	(6,380)	172,384	295,575
Repairs and maintenance		88,230	-	-	-	88,230
Staff costs	5	7,036,994	7,978,669	985,613	8,964,282	16,001,276
Subscription fee		5,538	-	-	-	5,538
Telephone, fax and postage		22,930	-	-	-	22,930
Translation fees		-	-	23,127	23,127	23,127
Travelling		2,499	-	354	354	2,853
		$ 9,142,417	$ 8,205,195	$ 2,101,477	$ 10,306,672	$ 19,449,089
(Deficit)/surplus for the year	13	$ (1,755,669)	$ -	$ 1,675,602	$ 1,675,602	$ (80,067)

Statement of comprehensive income for the year ended 31 March 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	2021				
		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		$ -	$ 8,189,611	$ 569,026	$ 8,758,637	$ 8,758,637
Employment Support Scheme subsidy		2,080,467	-	-	-	2,080,467
Service fee income	3	4,560,518	14,800	-	14,800	4,575,318
Income from fund raising activities		1,006,350	-	-	-	1,006,350
Donations received						
- General donations		816,721	-	-	-	816,721
- Specific donations		-	-	489,489	489,489	489,489
		$ 8,464,056	$ 8,204,411	$ 1,058,515	$ 9,262,926	$ 17,726,982
Other net income						
Interest income		$ 77,410	$ -	$ -	$ -	$ 77,410
Miscellaneous income		200,671	-	-	-	200,671
		$ 278,081	$ -	$ -	$ -	$ 278,081
Expenditure						
Activities expenses		$ -	$ -	$ 40,010	$ 40,010	$ 40,010
Advertising and publicity expenses		68,880	-	-	-	68,880
Consultancy fees		77,383	-	40,000	40,000	117,383
Depreciation		1,215,176	-	-	-	1,215,176
Direct fund raising expenses		1,949	-	-	-	1,949
Direct programme expenses		31,093	-	31,417	31,417	62,510
Electricity expenses		6,838	18,135	-	18,135	24,973
Entertainment		439	-	-	-	439
Fee remission		-	-	300,595	300,595	300,595
Insurance		66,450	-	-	-	66,450
Interest on lease liabilities		137,824	-	-	-	137,824
IT expenses		86,349	-	86,085	86,085	172,434
Legal and professional fees		100	-	-	-	100
Miscellaneous expenses		29,567	-	40,947	40,947	70,514
Office supplies		20,791	-	2,111	2,111	22,902
Printing, stationery and supplies		72,651	-	-	-	72,651
Rent, rates and utilities		102,934	178,766	(2,832)	175,934	278,868
Repairs and maintenance		20,664	-	2,270	2,270	22,934
Staff costs	5	7,053,325	8,007,510	507,293	8,514,803	15,568,128
Subscription fee		5,030	-	-	-	5,030
Telephone, fax and postage		25,022	-	997	997	26,019
Translation fees		-	-	74,827	74,827	74,827
Travelling		2,972	-	73	73	3,045
		$ 9,025,437	$ 8,204,411	$ 1,123,793	$ 9,328,204	$ 18,353,641
Deficit for the year	13	$ (283,300)	$ -	$ (65,278)	$ (65,278)	$ (348,578)

The notes on pages 14 to 35 form part of these financial statements.

Statement of financial position at 31 March 2022

(Expressed in Hong Kong dollars)

	Note	2022	2021
Non-current asset			
Property, plant and equipment	6	$ 166,955	$ 2,159,937
Current assets			
Fees and other receivables	7	$ 1,790,921	$ 2,037,696
Cash and bank deposits	8(a)	14,006,660	14,737,909
		$ 15,797,581	$ 16,775,605
Current liabilities			
Payables and accruals	9	$ 552,832	$ 345,697
Refundable deposits	9	466,070	480,925
Donations/grants received in advance	10	2,255,958	3,612,507
Surplus subventions	11	680,151	605,797
Lease liabilities	12	1,558,046	1,801,024
		$ 5,513,057	$ 6,845,950
Net current assets		$ 10,284,524	$ 9,929,655
Total assets less current liabilities		$ 10,451,479	$ 12,089,592
Non-current liability			
Lease liabilities	12	$ -	$ 1,558,046
NET ASSETS		$ 10,451,479	$ 10,531,546

Statement of financial position at 31 March 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	*2022*	*2021*
Representing:			
General fund	13	$ 9,180,554	$ 9,236,223
Designated funds	14		
Capital Expenditure Fund		$ -	$ -
Family Support Services Fund		84,490	250,000
Therapeutic Intervention Fund		168,102	77,964
Community Development Programme Fund		-	-
Specific Programme Activities Fund		-	-
Lotteries Fund		85,639	28,811
Professional Development Fund		419	39,753
Financial Aid Fund		439,580	401,075
Long Service Award & Staff Welfare Reserve		492,695	497,720
		$ 1,270,925	$ 1,295,323
		$ 10,451,479	$ 10,531,546

Approved and authorised for issue by the Executive Committee on 24 OCT 2022

Sabrina Chi Wai Ho)
Sheung Chi Clara Chin) Members of the Executive Committee

The notes on pages 14 to 35 form part of these financial statements.

Statement of changes in funds for the year ended 31 March 2022

(Expressed in Hong Kong dollars)

	General Fund	*Designated Funds*	*Total*
Balance at 1 April 2020	$ 9,519,523	$ 1,360,601	$ 10,880,124
Net deficit for the year	(283,300)	(65,278)	(348,578)
Balance at 31 March 2021	$ 9,236,223	$ 1,295,323	$ 10,531,546
Balance at 1 April 2021	$ 9,236,223	$ 1,295,323	$ 10,531,546
Net (deficit)/surplus for the year	(1,755,669)	1,675,602	(80,067)
Inter-fund transfer	1,700,000	(1,700,000)	-
Balance at 31 March 2022	$ 9,180,554	$ 1,270,925	$ 10,451,479

The notes on pages 14 to 35 form part of these financial statements.

Cash flow statement
for the year ended 31 March 2022
(Expressed in Hong Kong dollars)

	Note	*2022*	*2021*
Operating activities			
Net deficit for the year		$ (80,067)	$ (348,578)
Adjustments for:			
Interest income		(26,331)	(77,410)
Interest on lease liabilities	8(b)	82,976	137,824
Depreciation		694,464	1,215,176
Operating surplus before changes in working capital		$ 671,042	$ 927,012
Decrease in fees and other receivables		1,545,294	946,813
Increase/(decrease) in payables and accruals		207,135	(1,723,920)
(Decrease)/increase in refundable deposits		(14,855)	41,891
(Decrease)/increase in donations/grants received in advance		(1,141,588)	168,578
Increase in surplus subventions		74,353	149,353
Net cash generated from operating activities		$ 1,341,381	$ 509,727
Investing activities			
Payment for purchase of property, plant and equipment		$ (214,961)	$ (87,337)
Interest received from bank deposits		26,331	77,410
Net cash used in investing activities		$ (188,630)	$ (9,927)

Cash flow statement
for the year ended 31 March 2022 (continued)
(Expressed in Hong Kong dollars)

	Note	*2022*	*2021*
Financing activities			
Capital element for lease rentals paid	8(b)	$ (1,801,024)	$ (1,727,430)
Interest element for lease rentals paid	8(b)	(82,976)	(137,824)
Net cash used in financing activities		$ (1,884,000)	$ (1,865,254)
Net decrease in cash and cash equivalents		$ (731,249)	$ (1,365,454)
Cash and cash equivalents at beginning of year		14,737,909	16,103,363
Cash and cash equivalents at end of year	8(a)	$ 14,006,660	$ 14,737,909

The notes on pages 14 to 35 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 2022, the CDC had 10 members (2021: 9 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 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.

(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

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.

(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.

2 Significant accounting policies (continued)

(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.

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

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.

(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.

2 Significant accounting policies (continued)

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.

(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.

2 Significant accounting policies (continued)

(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.

(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:

	2022	*2021*
School fees	$ 1,731,657	$ 1,231,304
Service fees	3,552,396	3,344,014
	$ 5,284,053	$ 4,575,318

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:

	2022	*2021*
Executive Committee members' fees	$ -	$ -
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-

5 Staff costs

	2022	*2021*
Contributions to defined contribution retirement plan	$ 573,687	$ 552,428
Salaries, allowances and benefits in kind	15,427,589	15,015,700
	$ 16,001,276	$ 15,568,128

6 Property, plant and equipment

	Computer equipment	Furniture, fixtures and equipment	Properties leased for own use	Total
Cost:				
At 1 April 2020	$ 26,500	$ -	$ 3,221,387	$ 3,247,887
Additions	46,750	40,587	486,395	573,732
Transfer to donation/grants received in advance (note 10)	(46,750)	(40,587)	-	(87,337)
At 31 March 2021 and 1 April 2021	$ 26,500	$ -	$ 3,707,782	$ 3,734,282
Additions	214,961	-	-	214,961
Transfer to donation/grants received in advance (note 10)	(214,961)	-	-	(214,961)
Transfer to other receivables (note 7)	-	-	(1,298,518)	(1,298,518)
At 31 March 2022	$ 26,500	$ -	$ 2,409,264	$ 2,435,764
Accumulated depreciation:				
At 1 April 2020	$ 16,194	$ -	$ 342,975	$ 359,169
Charge for the year	8,833	-	1,206,343	1,215,176
At 31 March 2021 and 1 April 2021	$ 25,027	$ -	$ 1,549,318	$ 1,574,345
Charge for the year	1,473	-	692,991	694,464
At 31 March 2022	$ 26,500	$ -	$ 2,242,309	$ 2,268,809
Net book value:				
At 31 March 2022	$ -	$ -	$ 166,955	$ 166,955
At 31 March 2021	$ 1,473	$ -	$ 2,158,464	$ 2,159,937

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	*2022*	*2021*
Properties leased for own use, carried at depreciated cost	(i)	$ 166,955	$ 2,158,464

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

	2022	*2021*
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	$ 692,991	$ 1,206,343
Interest on lease liabilities	$ 82,976	$ 137,824

During the year, additions to right-of-use assets were $Nil (2021: $486,395). The amount related to the capitalised lease payments payable under new tenancy agreement.

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 2-3 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

	2022	2021
Fees receivables	$ 110,851	$ 347,349
Other receivables (note (a) and (b))	1,680,070	1,690,347
	$ 1,790,921	$ 2,037,696

Notes:

(a) The balance of other receivables included a subvention receivable from Social Welfare Department, amounting to $599,321 (2021: $499,426), relating to rental subsidy for the new tenancy agreement entered by the CDC during the year ended 31 March 2021. This rental subsidy is allocated to reduce the cost of properties leased for own use (see note 6). During the year ended 31 March 2022, the CDC paid rent amounting to $136,000 (2021: $115,600 to $136,000) relating to the tenancy agreement, which 73% of it is subvented by SWD. The North Point premises were handed over in March 2022. The tentative operation date is in the 4th quarter of 2022. The rental subsidy from the Social Welfare Department is expected to cease after September 2022.

(b) The remaining balance of other receivables also included deposits of $579,799 (2021: $584,799) and prepayment of $225,153 (2021: $412,261).

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

8 Cash and bank deposits

(a) Cash and cash equivalents comprise:

	2022	2021
Bank deposits	$ 7,706,442	$ 7,678,269
Cash at bank and on hand	6,300,218	7,059,640
Cash and cash equivalents in the cash flow statement and statement of financial position	$ 14,006,660	$ 14,737,909

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)	
	2022	*2021*
At 1 April	$ 3,359,070	$ 4,600,105
Changes from financing cash flows:		
Capital element of lease rentals paid	$ (1,801,024)	$ (1,727,430)
Interest element of lease rentals paid	(82,976)	(137,824)
Total changes from financing cash flows	$ (1,884,000)	$ (1,865,254)
Other changes:		
Increase in lease liabilities from entering into new lease during the year	$ -	$ 486,395
Interest expenses	82,976	137,824
Total other changes	$ 82,976	$ 624,219
At 31 March	$ 1,558,046	$ 3,359,070

(c) Total cash outflow for leases

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

	2022	*2021*
Within financing cash flows	$ 1,884,000	$ 1,865,254
	$ 1,884,000	$ 1,865,254

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

	2022	*2021*
Balance at the beginning of the year	$ 3,612,507	$ 3,531,266
Transferred to Capital Expenditure Fund (note 14)	$ (1,653,468)	$ (16,941)
Transferred from Family Support Services Fund (note 14)	367,880	43,673
Transferred from Lotteries Fund - Block Grant (note 14)	144,000	141,846
Transferred from property, plant and equipment (note 6)	(214,961)	(87,337)
	$ (1,356,549)	$ 81,241
Balance at the end of the year	$ 2,255,958	$ 3,612,507

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:

	2022	*2021*
Balance at the beginning of the year	$ 605,797	$ 456,444
Receipt of subsidies/(utilisation and refunds), net		
- Lump Sum Grant reserve (including surplus for Provident Fund subvention of 6.8% and other posts (note (a))	$ (11,131)	$ (3,822)
- SWD Development–Fund - Phase 3 (note (b))	(10,000)	32,518
- Enhanced Support for Ethnic Minority Children (note (c))	63,485	120,657
- COVID-19 additional funding (note (d))	32,000	-
	$ 74,354	$ 149,353
Balance at the end of the year	$ 680,151	$ 605,797

11 Surplus subventions (continued)

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.

	2022	*2021*
Balance at the beginning of the year	$ 452,622	$ 456,444
Grant received during the year	8,196,600	8,194,313
Expenditure during the year	(8,011,631)	(8,010,845)
Other	(196,100)	(187,290)
Balance at the end of the year	$ 441,491	$ 452,622

(b) SWD Development–Fund - Phase 3

The CDC has utilised during the year ended 31 March 2022, 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.

	2022	*2021*
Balance at the beginning of the year	$ 32,518	$ -
Grant received during the year	41,000	12,700
Interest received during the year	-	-
Reversal of accruals	-	20,518
Expenditure for administrative support	(51,000)	(700)
Balance at the end of the year	$ 22,518	$ 32,518

(c) Enhanced Support for Ethnic Minority Children

The CDC has utilised during the year ended 31 March 2022, the subvention received during the current and previous years from the Lotteries Fund relating to the Enhanced Support for Ethnic Minority Children. At the end of the reporting period, 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.

	2022	*2021*
Balance at the beginning of the year	$ 120,657	$ -
Grant received during the year	140,000	240,000
Expenditure for projects	(76,175)	(117,966)
Expenditure for administrative support	(340)	(1,377)
Balance at the end of the year	$ 184,142	$ 120,657

11 Surplus subventions (continued)

(d) COVID-19 additional funding

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

	2022	*2021*
Balance at the beginning of the year	$ -	$ -
Grant received during the year	32,000	-
Expenditure during the year	-	-
Balance at the end of the year	$ 32,000	$ -

12 Lease liabilities

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

	2022		*2021*	
	Present value of the lease payments	*Total lease payments*	*Present value of the lease payments*	*Total lease payments*
Within 1 year	$ 1,558,046	$ 1,580,000	$ 1,801,024	$ 1,884,000
After 1 year but within 2 years	$ -	$ -	$ 1,558,046	$ 1,580,000
After 2 years but within 5 years	-	-	-	-
	$ -	$ -	$ 1,558,046	$ 1,580,000
	$ 1,558,046	$ 1,580,000	$ 3,359,070	$ 3,464,000
Less: total future interest expenses		(21,954)		(104,930)
Present value of lease liabilities		$ 1,558,046		$ 3,359,070

13 General fund

	2022	*2021*
Balance at the beginning of the year	$ 9,236,223	$ 9,519,523
Deficit for the year	(1,755,669)	(283,300)
Transfer from Designated Funds (note 14)	1,700,000	-
Balance at the end of the year	$ 9,180,554	$ 9,236,223

14 Designated Funds

	Note	2022 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))	Total
Balance at 1 April 2021		$ -	$ 250,000	$ 77,964	$ -	$ -	$ 28,811	$ 39,753	$ 401,075	$ 497,720	$ 1,295,323
Donation received during the year		170,000	491,612	111,000	-	-	-	-	411,666	80,000	1,264,278
Grant received during the year		-	-	-	-	-	1,161,286	-	-	-	1,161,286
Expenditure for the year		(394,519)	(289,242)	(20,862)	-	-	(894,651)	(39,334)	(377,843)	(85,025)	(2,101,476)
(Deficit)/surplus for the year		$ (224,519)	$ 202,370	$ 90,138	$ -	$ -	$ 266,635	$ (39,334)	$ 33,823	$ (5,025)	$ 324,088
Transferred from/(to) donations/grants received in advance	10	$ 1,653,468	$ (367,880)	$ -	$ -	$ -	$ (144,000)	$ -	$ -	$ -	$ 1,141,588
Transferred from other receivables		68,790	-	-	-	-	6,978	-	4,682	-	80,450
Transferred to property, plant and equipment	6	202,261	-	-	-	-	12,700	-	-	-	214,961
Transferred to surplus subventions	11	-	-	-	-	-	(85,485)	-	-	-	(85,485)
		$ 1,924,519	$ (367,880)	$ -	$ -	$ -	$ (209,807)	$ -	$ 4,682	$ -	$ 1,351,514
Net surplus/(deficit) for the year		$ 1,700,000	$ (165,510)	$ 90,138	$ -	$ -	$ 56,828	$ (39,334)	$ 38,505	$ (5,025)	$ 1,675,602
Transferred to general fund	13	$ (1,700,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,700,000)
Balance at 31 March 2022		$ -	$ 84,490	$ 168,102	$ -	$ -	$ 85,639	$ 419	$ 439,580	$ 492,695	$ 1,270,925

14 Designated Funds (continued)

	Note	2021 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))	Total
Balance at 1 April 2020		$ -	$ 307,670	$ 88,650	$ -	$ 50,000	$ 47,808	$ 113,083	$ 255,670	$ 497,720	$ 1,360,601
Donation received during the year		50,000	41,000	-	-	-	-	-	404,800	12,570	508,370
Grant received during the year		-	43,673	-	-	-	744,870	-	-	-	788,543
Reversal of accruals		-	-	-	-	-	20,518	-	-	-	20,518
Expenditure for the year		(126,063)	(3,726)	(10,686)	-	(50,000)	(588,023)	(73,330)	(259,395)	(12,570)	(1,123,793)
(Deficit)/surplus for the year		$ (76,063)	$ 80,947	$ (10,686)	$ -	$ (50,000)	$ 177,365	$ (73,330)	$ 145,405	$ -	$ 193,638
Transferred from/(to) donations/grants received in advance	10	$ 16,941	$ (43,673)	$ -	$ -	$ -	$ (141,846)	$ -	$ -	$ -	$ (168,578)
Transferred from/(to) other receivables		-	(94,944)	-	-	-	70,444	-	-	-	(24,500)
Transferred to property, plant and equipment	6	59,122	-	-	-	-	28,215	-	-	-	87,337
Transferred to surplus subventions	11	-	-	-	-	-	(153,175)	-	-	-	(153,175)
		$ 76,063	$ (138,617)	$ -	$ -	$ -	$ (196,362)	$ -	$ -	$ -	$ (258,916)
Net (deficit)/surplus for the year		$ -	$ (57,670)	$ (10,686)	$ -	$ (50,000)	$ (18,997)	$ (73,330)	$ 145,405	$ -	$ (65,278)
Balance at 31 March 2021		$ -	$ 250,000	$ 77,964	$ -	$ -	$ 28,811	$ 39,753	$ 401,075	$ 497,720	$ 1,295,323

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. Supports can be in form of sharing of professional talk.

(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	Training Subsidy for Child Care Worker	Total
Balance at 1 April 2021		$ -	$ -	$ 28,811	$ -	$ -	$ -	$ -	$ 28,811
Grant received during the year		144,000	41,000	66,203	738,083	32,000	140,000	-	1,161,286
Expenditure for the year		(12,700)	(51,000)	(9,375)	(745,061)	-	(76,515)	-	(894,651)
(Deficit)/surplus for the year		$ 131,300	$ (10,000)	$ 56,828	$ (6,978)	$ 32,000	$ 63,485	$ -	$ 266,635
Transferred from/(to) donations/grants received in advance	10	$ (144,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ (144,000)
Transferred from other receivables		-	-	-	6,978	-	-	-	6,978
Transferred to plant, property and equipment	6	12,700	-	-	-	-	-	-	12,700
Transferred from/(to) surplus subventions	11	-	10,000	-	-	(32,000)	(63,485)	-	(85,485)
		$ (131,300)	$ 10,000	$ -	$ 6,978	$ (32,000)	$ (63,485)	$ -	$ (209,807)
Net surplus/(deficit) for the year		$ -	$ -	$ 56,828	$ -	$ -	$ -	$ -	$ 56,828
Balance at 31 March 2022		$ -	$ -	$ 85,639	$ -	$ -	$ -	$ -	$ 85,639

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*	*Training Subsidy for Child Care Worker*	*Total*
Balance at 1 April 2020		$ -	$ -	$ 38,861	$ -	$ 8,947	$ -	$ -	$ 47,808
Grant received during the year		143,000	12,700	64,326	222,844	32,000	240,000	30,000	744,870
Reversal of accruals		-	20,518	-	-	-	-	-	20,518
Expenditure for the year		(29,369)	(700)	(74,376)	(293,288)	(40,947)	(119,343)	(30,000)	(588,023)
(Deficit)/surplus for the year		$ 113,631	$ 32,518	$ (10,050)	$ (70,444)	$ (8,947)	$ 120,657	$ -	$ 177,365
Transferred from/(to) donations/grants received in advance	10	$ (141,846)	$ -	$ -	$ -	$ -	$ -	$ -	$ (141,846)
Transferred from other receivables		-	-	-	70,444	-	-	-	70,444
Transferred to plant, property and equipment	6	28,215	-	-	-	-	-	-	28,215
Transferred to surplus subventions	11	-	(32,518)	-	-	-	(120,657)	-	(153,175)
		$ (113,631)	$ (32,518)	$ -	$ 70,444	$ -	$ (120,657)	$ -	$ (196,362)
Net (deficit)/surplus for the year		$ -	$ -	$ (10,050)	$ -	$ (8,947)	$ -	$ -	$ (18,997)
Balance at 31 March 2021		$ -	$ -	$ 28,811	$ -	$ -	$ -	$ -	$ 28,811

14 Designated Funds (continued)

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

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:

	2022	*2021*
Fees	$ -	$ -
Salaries, allowances and benefits in kind	1,273,875	1,203,193
Discretionary bonuses	-	-
Retirement scheme contributions	18,000	18,000
	$ 1,291,875	$ 1,221,193

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 $52,976 (2021: $41,300).

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 2022 and 31 March 2021.

17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2022

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 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Reference to the conceptual framework*	1 January 2022
Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*	1 January 2022
Amendments to HKAS 37, *Onerous Contracts - cost of fulfilling a contract*	1 January 2022
Annual improvements to HKFRSs 2018-2020 cycle	1 January 2022
Amendments to HKAS 1, *Classification of liabilities as current or non-current*	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

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.