KPMG

The Child Development Centre

明德兒童啓育中心

(Limited by Guarantee)

Financial Statements
Year ended 31 March 2023

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 2023.

Registered office

The Child Development Centre ("the CDC") is incorporated and domiciled in Hong Kong and has its registered office 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:

Abigail Ruth Rachel Tannis Porter	
Cruzanne Ila Macalligan	
Gordon William Ewing Jones	
Henson Kuan Leung Lam	
Jacklyn Yun-Ning Hui-Fu	
Joanne Hon	(appointed on 15 May 2023)
Peter John Gregoire	
Sabrina Chi Wai Ho	Chairperson
Sheung Chi Clara Chin	Honorary Treasurer
Virginia Teresa Wilson	
Shirley Suet Lui Lee	(resigned on 4 August 2022)

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 will be relocated to Fortress Hill in the last quarter in 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 rescheduled from June 2022 to 23 October 2022 due to the COVID-19 epidemic. The event raised HK$1.2 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

Gordon Jones
Hong Kong,
26 OCT 2023

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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 36, which comprise the statement of financial position as at 31 March 2023, 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 2023 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.

KPMG

Certified Public Accountants

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

26 OCT 2023

Statement of comprehensive income for the year ended 31 March 2023

(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

Statement of comprehensive income for the year ended 31 March 2023 (continued)

(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	8(b)	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)

The notes on pages 14 to 36 form part of these financial statements.

Statement of financial position at 31 March 2023

(Expressed in Hong Kong dollars)

	Note	2023	2022
Non-current asset			
Property, plant and equipment	6	$ -	$ 166,955
Current assets			
Fees and other receivables	7	$ 6,025,657	$ 1,790,921
Cash and bank deposits	8(a)	11,442,226	14,006,660
		$ 17,467,883	$ 15,797,581
Current liabilities			
Payables and accruals	9	$ 1,793,230	$ 552,832
Refundable deposits	9	484,430	466,070
Donations/grants received in advance	10	2,286,311	2,255,958
Surplus subventions	11	1,322,940	680,151
Lease liabilities	12	-	1,558,046
		$ 5,886,911	$ 5,513,057
Net current assets		$ 11,580,972	$ 10,284,524
NET ASSETS		$ 11,580,972	$ 10,451,479

Statement of financial position at 31 March 2023 (continued)

(Expressed in Hong Kong dollars)

	Note	*2023*	*2022*
Representing:			
General fund	13	$ 9,529,338	$ 9,180,554
Designated funds	14		
Capital Expenditure Fund		$ -	$ -
Family Support Services Fund		9,299	84,490
Therapeutic Intervention Fund		282,363	168,102
Community Development Programme Fund		-	-
Specific Programme Activities Fund		100,000	-
Lotteries Fund		-	85,639
Professional Development Fund		195,844	419
Financial Aid Fund		600,260	439,580
Long Service Award & Staff Welfare Reserve		253,033	492,695
Lump Sum Grant Reserve	11(a)	610,835	-
		$ 2,051,634	$ 1,270,925
		$ 11,580,972	$ 10,451,479

Approved and authorised for issue by the Executive Committee on 26 OCT 2023

Gordon Jones

Virginia Wilson

) Members of the Executive Committee

The notes on pages 14 to 36 form part of these financial statements.

Statement of changes in funds for the year ended 31 March 2023

(Expressed in Hong Kong dollars)

	General Fund	*Designated Funds*	*Total*
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
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

The notes on pages 14 to 36 form part of these financial statements.

Cash flow statement for the year ended 31 March 2023

(Expressed in Hong Kong dollars)

	Note	*2023*	*2022*
Operating activities			
Net surplus/(deficit) for the year		$ 1,129,493	$ (80,067)
Adjustments for:			
Interest income		(199,990)	(26,331)
Interest on lease liabilities	8(b)	21,954	82,976
Depreciation		166,955	694,464
Operating surplus before changes in working capital		$ 1,118,412	$ 671,042
(Increase)/decrease in fees and other receivables		(572,032)	1,545,294
Increase in payables and accruals		1,240,398	207,135
Increase/(decrease) in refundable deposits		18,360	(14,855)
Increase/(decrease) in donations/grants received in advance		926,118	(1,141,588)
Increase in surplus subventions		642,789	74,353
Net cash generated from operating activities		$ 3,374,045	$ 1,341,381
Investing activities			
Payment for purchase of property, plant and equipment		$ (4,558,469)	$ (214,961)
Interest received from bank deposits		199,990	26,331
Net cash used in investing activities		$ (4,358,479)	$ (188,630)

Cash flow statement
for the year ended 31 March 2023 (continued)
(Expressed in Hong Kong dollars)

	Note	*2023*	*2022*
Financing activities			
Capital element for lease rentals paid	8(b)	$ (1,558,046)	$ (1,801,024)
Interest element for lease rentals paid	8(b)	(21,954)	(82,976)
Net cash used in financing activities		$ (1,580,000)	$ (1,884,000)
Net decrease in cash and cash equivalents		$ (2,564,434)	$ (731,249)
Cash and cash equivalents at beginning of year		14,006,660	14,737,909
Cash and cash equivalents at end of year	8(a)	$ 11,442,226	$ 14,006,660

The notes on pages 14 to 36 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 2023, the CDC had 10 members (2022: 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 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 invoice amounts.

(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:

	2023	2022
School fees	$ 2,686,665	$ 1,731,657
Service fees	3,772,365	3,552,396
	$ 6,459,030	$ 5,284,053

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:

	2023	2022
Executive Committee members' fees	$ -	$ -
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-

5 Staff costs

	2023	2022
Contributions to defined contribution retirement plan	$ 553,446	$ 573,687
Salaries, allowances and benefits in kind	14,839,479	15,427,589
	$ 15,392,925	$ 16,001,276

6 Property, plant and equipment

	Computer equipment	*Furniture, fixtures and equipment*	*Properties leased for own use*	*Total*
Cost:				
At 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 and 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	$ 26,500	$ -	$ -	$ 26,500
Accumulated depreciation:				
At 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 and 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	$ 26,500	$ -	$ -	$ 26,500
Net book value:				
At 31 March 2023	$ -	$ -	$ -	$ -
At 31 March 2022	$ -	$ -	$ 166,955	$ 166,955

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	*2023*	*2022*
Properties leased for own use, carried at depreciated cost	(i)	$ -	$ 166,955

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

	2023	*2022*
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	$ 166,955	$ 692,991
Expenses related to short-term lease	$ 122,400	$ -
Interest on lease liabilities	21,954	82,976

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

During the year ended 31 March 2023, the CDC entered into a short-term lease agreement and no right-of-use assets and lease liabilities were recognised.

7 Fees and other receivables

	2023	2022
Fees receivables	$ 489,220	$ 110,851
Other receivables (note (a) and (b))	1,704,312	1,680,070
Receivables due from Lotteries Fund (note (c))		
- Fitting-out works	3,229,888	-
- Furniture and equipment	602,237	-
	$ 6,025,657	$ 1,790,921

Notes:

(a) In prior year, the balance of other receivables included a subvention receivable from Social Welfare Department ("SWD"), amounting to $599,321, relating to rental subsidy for the new tenancy agreement entered by the CDC during the year ended 31 March 2022. This rental subsidy was allocated to reduce the cost of properties leased for own use (see note 6). During the year ended 31 March 2023, the CDC paid monthly rent amounting to $136,000 relating to the tenancy agreement, which 73% of it is subvented by SWD from April to September 2022. The North Point premises were handed over in March 2022. The centre started operation on 10 October 2022. The rental subsidy from the Social Welfare Department ceased after 9 October 2022.

(b) The remaining balance of other receivables also included deposits of $532,900 (2022: $579,799), prepayment of $338,017 (2022: $225,153).

(c) 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.

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

8 Cash and bank deposits

(a) Cash and cash equivalents comprise:

	2023	2022
Bank deposits	$ 6,685,664	$ 7,706,442
Cash at bank and on hand	4,756,562	6,300,218
Cash and cash equivalents in the cash flow statement and statement of financial position	$ 11,442,226	$ 14,006,660

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)	
	2023	*2022*
At 1 April	$ 1,558,046	$ 3,359,070
Changes from financing cash flows:		
Capital element of lease rentals paid	$ (1,558,046)	$ (1,801,024)
Interest element of lease rentals paid	(21,954)	(82,976)
Total changes from financing cash flows	$ (1,580,000)	$ (1,884,000)
Other changes:		
Interest expenses	$ 21,954	$ 82,976
Total other changes	$ 21,954	$ 82,976
At 31 March	$ -	$ 1,558,046

(c) Total cash outflow for leases

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

	2023	*2022*
Within operating cash flow	$ 122,400	$ -
Within financing cash flows	1,580,000	1,884,000
	$ 1,702,400	$ 1,884,000

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

	2023	2022
Balance at the beginning of the year	$ 2,255,958	$ 3,612,507
Transferred from/(to) Capital Expenditure Fund (note 14)	$ 1,194,672	$ (1,653,468)
Transferred (to)/from Family Support Services Fund (note 14)	(187,820)	367,880
Donation returned to Family Support Services Fund	(223,734)	-
Transferred from Lotteries Fund (note (a) and note 14)	143,000	144,000
Transferred from property, plant and equipment (note 6)	(895,765)	(214,961)
	$ 30,353	$ (1,356,549)
Balance at the end of the year	$ 2,286,311	$ 2,255,958

Note:

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

	2023	2022
Balance at the beginning of the year	$ 402,343	$ 271,043
Block Grant received during the year	$ 143,000	$ 144,000
Interest income received	-	-
Other income	-	-
Expenditure during the year – Furniture and Equipment	-	(12,700)
	$ 143,000	$ 131,300
Balance at the end of the year	$ 545,343	$ 402,343

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:

	2023	*2022*
Balance at the beginning of the year	$ 680,151	$ 605,797
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))	$ 654,957	$ (11,131)
- SWD Development Fund – Phase 3 (note (b))	5,949	(10,000)
- Enhanced Support for Ethnic Minority Children (note (c))	13,883	63,485
- COVID-19 additional funding (note (d))	(32,000)	32,000
	$ 642,789	$ 74,354
Balance at the end of the year	$ 1,322,940	$ 680,151

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.

	2023	*2022*
Balance at the beginning of the year	$ 441,491	$ 452,622
Grant received during the year	8,314,537	8,196,600
Expenditure during the year	(7,490,881)	(8,011,631)
Others (note)	442,136	(196,100)
Transfer to Lump Sum Grant Reserve	(610,835)	-
Balance at the end of the year	$ 1,096,448	$ 441,491

Note: The amount included excessive subvention received, amounting to $643,236 (2022: Nil), from SWD in connection to rental subsidy. Please refer to note 7(a) for details.

11 Surplus subventions (continued)

(b) SWD Development Fund – Phase 3

The CDC has utilised during the year ended 31 March 2023, 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.

		2023		*2022*
Balance at the beginning of the year	$	22,518	$	32,518
Grant received during the year		6,300		41,000
Interest received during the year		-		-
Expenditure for training and development programmes				(51,000)
Expenditure for administrative support		(351)		-
Balance at the end of the year	$	28,467	$	22,518

(c) Enhanced Support for Ethnic Minority Children

The CDC has utilised during the year ended 31 March 2023, 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.

		2023		*2022*
Balance at the beginning of the year	$	184,142	$	120,657
Grant received during the year		210,000		140,000
Expenditure for projects		(196,117)		(76,175)
Expenditure for administrative support		-		(340)
Balance at the end of the year	$	198,025	$	184,142

(d) COVID-19 additional funding

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

		2023		*2022*
Balance at the beginning of the year	$	32,000	$	-
Grant (returned)/received during the year		(12,000)		32,000
Expenditure during the year		(20,000)		-
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:

	2023		2022	
	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
Less: total future interest expenses		-		(21,954)
Present value of lease liabilities		$ -		$ 1,558,046

13 General fund

	2023	*2022*
Balance at the beginning of the year	$ 9,180,554	$ 9,236,223
Surplus/(deficit) for the year	348,784	(1,755,669)
Transfer from Designated Funds (note 14)	-	1,700,000
Balance at the end of the year	$ 9,529,338	$ 9,180,554

14 Designated Funds

		2023										
	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*
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)

		2022										
	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*
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	-	-	-	8,190,395	9,351,681
Expenditure for the year		(394,519)	(289,242)	(20,862)	-	-	(894,651)	(39,334)	(377,843)	(85,025)	(8,190,395)	(10,291,871)
(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 from 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)

(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	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 to 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		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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 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 (to)/from 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

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:

	2023	*2022*
Fees	$ -	$ -
Salaries, allowances and benefits in kind	1,240,200	1,273,875
Discretionary bonuses	-	-
Retirement scheme contributions	18,000	18,000
	$ 1,258,200	$ 1,291,875

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 $26,760 (2022: $52,976).

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 2023 and 31 March 2022.

17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2023

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 2023 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
HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, I*ncome Taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
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

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.