

STEWARDS
(FORMERLY KNOWN AS STEWARDS LIMITED)
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

STEWARDS
(FORMERLY KNOWN AS STEWARDS LIMITED)
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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STEWARDS
(FORMERLY KNOWN AS STEWARDS LIMITED)
DIRECTORS' REPORT

The directors have the pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2015.

Principal activity

The principal activities of the Company and its subsidiaries (together "the Group") during the year were the provision of services to the local community including education, medical and dental services, rehabilitation, and children and youth activities.

Change of company name

With a license to dispense with the word "Limited" in the name of the Company granted by the Companies Registrar, the name of the Company was changed from Stewards Limited to Stewards by passing a special resolution on 12 December 2014.

Results and state of affairs

The results of the Group for the year ended 31 March 2015 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 7 to 41.

Business review

Fair review of business

The Company's mission is to provide quality non-profit making social welfare, educational and health care services for the benefit of the Hong Kong community and to promote evangelical Christian faith.

Regarding education service, Stewards Pooi Kei College ("SPKC"), our Secondary School under Direct Subsidy Scheme, was quite stable in its enrollment of new students. The performance and operation of the College remained more or less the same as in previous years. The income for SPKC for the year ended 31 March 2015 increased 5.3% to HK\$77,616,986 (2014: HK\$73,705,745). Our two kindergartens, Stewards Pooi Chun Kindergarten and Stewards Pooi Yan Kindergarten also showed improvement in their financial position. The income for the kindergartens for the year ended 31 March 2015 increased 12% to HK\$8,404,905 (2014: HK\$7,501,570), principally due to the increase in the number of students and the increase in the voucher amount under Government's Pre-primary Education Voucher Scheme.

Regarding social welfare, the subvention under the Lump Sum Grant from Social Welfare Department ("SWD") increased by 8.8% to HK\$66,298,169 (2014: HK\$60,954,900), as a result of Government's increased provision for the rehabilitation services for the mentally ill persons. For the social enterprises, two school tuckshops ceased business and one flower shop commenced business during the year ended 31 March 2015. With these changes, the income decreased by 15.6% to HK\$6,687,174 (2014: HK\$7,926,461).

Regarding medical service, in order to service more needy in Hong Kong, Peace Medical Centre added the Chinese medicine service from June 2014 and joined the Hospital Authority's General Outpatient Clinic Public-Private Partnership Programme in December 2014. Despite the addition of new services in the Centre, due to the resignation of one dentist, Peace Medical Centre's income decreased by 13.4% to HK\$3,717,965 (2014: HK\$4,293,751).

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DIRECTORS' REPORT

Business review (cont'd)

Financial key performance indicators for major sectors

The directors consider the key measure of the performance for the Education sector to be the school fee income per students (i.e. the subvention from Education Bureau and the school fee from parents divided by the number of students). The school fee income per students improved from HK\$64,339 to \$69,150 compared to the previous year.

The directors consider the key measure of the performance for the social welfare sector to be the growth in total funding for the social services activities. In 2014/15, the total funding income from government subvention and other fund raising activities increased by 7.6% to HK\$69,659,610 compared with HK\$64,766,897 in 2013/14.

Financial position

As at 31 March 2015, the Group had net assets of HK\$140,787,827 (2014: HK\$134,916,825), comprising of non-current assets of HK\$12,101,740 (2014: 12,487,370) and net current assets of HK\$128,686,087 (2014: HK\$122,429,455).

Liquidity

As at 31 March 2015, the Group had time deposits, bank balances and cash of HK\$133,701,459 (2014: HK\$123,506,337).

Lump sum grant reserve

The Group has different designated funds and reserves and the largest reserve is the Lump Sum Grant Reserve. As at 31 March 2015, the Lump Sum Grant Reserve (excluding provident funds) decreased by 2.3% to HK\$15,084,645 (2014: HK\$15,440,653), equivalent to 20.7% (2014: 26.8%) of annual operating expenditure of subvented services. For the year ended 31 March 2015, the Lump Sum Grant subvention were mainly used to pay for the staff costs and operating costs for the subvented services according to the budget approved by the Board of Directors. In the coming years, the Lump Sum Grant Reserve will continue to be used for the payment of staff costs and operating costs in relation to the subvented services.

Principal risks and uncertainties

The Board had recently considered a 5-year forecast of the Lump Sum Grant Reserve (from 2015/16 to 2019/20) in order to assess the financial position of our subvented social services in the medium term. This assessment showed that, in the medium term, the Lump Sum Grant Reserve will decline steadily due to the faster increase in staff cost than SWD subventions. There was a need to undertake staff cost control measures to maintain the healthy financial position of the organization in the next few years, including, for example, appropriate downsizing of staff strength through natural wastage.

Environmental policies and performance and compliance with the relevant laws and regulations

The Group has adopted environmental policy such as requiring all the electrical appliances and lighting to be shut down when all the staff left the office. Also in order to save the environment, all service units will use the recycle paper or print double sided as far as possible.

STEWARDS
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DIRECTORS' REPORT

Business review (cont'd)

Environmental policies and performance and compliance with the relevant laws and regulations (cont'd)

The Group complied with all the relevant laws and regulations issued by Education Bureau, Social Welfare Department and Health Department. During the year, as required by Social Welfare Department, the drafting of Best Practice Manual is in progress and the self assessment checklist will be submitted to SWD by end of October 2015.

Renovation works will be undertaken in Yiu On Halfway House in the coming year in order to bring the premise in full compliance with the Residential Care Homes (Persons with Disabilities) Ordinance. The renovation cost will be subvented by SWD and the amount will be about HK\$1,500,000.

Key relationships with employees, service users and government bodies

The Group regards its staff as the most important asset and resource of the Group. The Group offered internal vocational training activities and encouraged its staff to attend external training courses to develop personal skills and other professional skill. During the year, the Group maintained cordial relationship with external stakeholders such as service users and government bodies. Service user liaison groups had been set up in individual service units as appropriate and regular liaison was maintained with the relevant service branches of SWD and Education Bureau.

Likely future development

Yiu Tsuen Sheltered Workshop will start a take away meal service to provide more training and job opportunities for the service users through providing meal services and to meet the community needs. The capital investment will be about HK\$200,000.

Fixed assets

Movements in fixed assets during the year were set out in note 10 to the financial statements.

Directors

The directors who held office during the year and up to the date of this report were as follows:

Ms. PANG Chau Sheung
Mr. TO Tat Man
Mr. TSE Chun Fai
Mr. KWAN Wood Kai Edward
Mr. CHOW Kai Cheung
Mr. LIANG Jun
Mr. HUI Chi Keung Philip
Ms. CHAN Oi Yu
Mr. KWAN Chi Hong
Mr. YAU Piu Yau Jimmy (resigned on 29 October 2014)

In accordance with the Articles of Association of the Company, half of the directors, who have been longest since their last election for the time being, shall retire in the forthcoming annual general meeting; but shall be eligible, offer themselves for re-election.

STEWARDS
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DIRECTORS' REPORT

Directors' interests in contract

No contracts of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Directors' right to acquire shares or debentures

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Auditor

The accompanying financial statements have been audited by Fung, Yu & Co. CPA Limited, Certified Public Accountants (Practising).

Other matters

At the date of this report the directors are not aware of any circumstances not otherwise dealt with in this report of financial statements, which would render any amount stated in the financial statements misleading.

On behalf of the Board



PANG Chau Sheung
Chairman

Hong Kong: 24 SEP 2015



FUNG, YU & CO. CPA LIMITED
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STEWARDS
(FORMERLY KNOWN AS STEWARDS LIMITED)
(incorporated in Hong Kong and limited by guarantee)**

We have audited the consolidated financial statements of Stewards ("the Company") and its subsidiaries set out on pages 7 to 41, which comprise the company and consolidated statements of financial position as at 31 March 2015, the consolidated statement of surplus or deficit and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of principal accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.



FUNG, YU & CO. CPA LIMITED
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STEWARDS
(FORMERLY KNOWN AS STEWARDS LIMITED)
(incorporated in Hong Kong and limited by guarantee)**

Auditor's responsibility (cont'd)

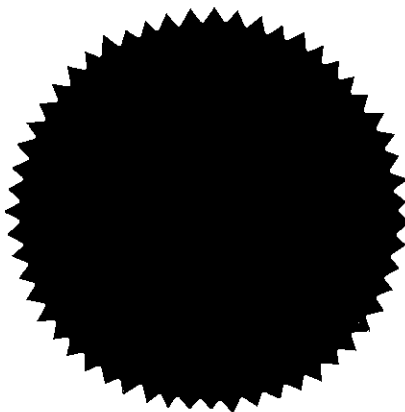
We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

FUNG, YU & CO. CPA LIMITED
Certified Public Accountants (Practising)

FUNG Shiu Lam
Practising Certificate Number: P00054



Hong Kong: 24 SEP 2015

STEWARDS
(FORMERLY KNOWN AS STEWARDS LIMITED)
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 HK\$	2014 HK\$
INCOME	5	187,473,028.63	180,193,283.66
LESS: EXPENDITURE			
- Staff costs		125,726,384.50	114,607,401.70
- Operating costs		49,068,519.19	46,008,562.90
- Property costs		6,615,560.00	6,413,152.60
		<u>181,410,463.69</u>	<u>167,029,117.20</u>
SURPLUS BEFORE TAXATION	6	6,062,564.94	13,164,166.46
TAXATION	8	-	-
SURPLUS FOR THE YEAR		6,062,564.94	13,164,166.46
OTHER COMPREHENSIVE INCOME FOR THE YEAR (page 9)		<u>(431,849.92)</u>	<u>(651,119.93)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>5,630,715.02</u></u>	<u><u>12,513,046.53</u></u>

STEWARDS
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2015 HK\$	2014 HK\$
NON-CURRENT ASSETS			
Property, furniture and equipment	10 (a)	10,111,672.71	12,031,302.78
Available-for-sale financial assets	11	402,124.45	456,067.15
		10,513,797.16	12,487,369.93
CURRENT ASSETS			
Inventories	13	91,968.60	119,953.66
Held-to-maturity financial assets	12	1,534,000.00	-
Accounts receivable and sundry debtors		1,223,580.35	4,038,435.36
Deposits and prepayments		4,482,723.78	3,883,862.78
Time deposits		89,084,780.95	80,455,586.36
Bank balances and cash		44,616,677.96	43,050,750.32
		141,033,731.64	131,548,588.48
CURRENT LIABILITIES			
Accounts payable and accrued expenses		7,611,169.06	5,325,229.81
Social welfare/Education Bureau surplus		1,418,375.44	1,442,448.26
Receipt in advance		1,784,099.87	2,351,455.37
		10,813,644.37	9,119,133.44
NET CURRENT ASSETS		<u>130,220,087.27</u>	<u>122,429,455.04</u>
NET ASSETS		<u>140,733,884.43</u>	<u>134,916,824.97</u>
RESERVES			
Accumulated fund	16	84,724,397.63	81,862,511.75
Designated funds	17	25,165,386.96	23,975,295.51
Flag day fund	18	4,469,994.13	3,885,695.16
Lump sum grant reserve	19	21,805,552.65	21,507,576.12
Block grant reserve	20	4,730,334.77	3,793,585.44
Investment revaluation reserve	21	(161,781.71)	(107,839.01)
		<u>140,733,884.43</u>	<u>134,916,824.97</u>

Approved and authorized for issue by the board of directors on 24 SEP 2015
On behalf of the board:


PANG Chau Sheung
Director


TO Tat Man
Director

STEWARDS
(FORMERLY KNOWN AS STEWARDS LIMITED)
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Accumulated fund HK\$	Designated funds HK\$	Flag day fund HK\$	Lump sum grant reserve HK\$	Block grant reserve HK\$	Investment revaluation reserve HK\$	Total HK\$
At 31 March 2013	71,884,976.87	22,999,034.41	4,766,479.70	21,227,529.86	3,059,303.75	(92,200.16)	123,845,124.41
Surplus for the year ended 31 March 2014	13,164,166.46	-	-	-	-	-	13,164,166.46
Other comprehensive income for the year	-	-	-	-	-	(15,638.85)	(15,638.85)
Deficit arising on revaluation of investment	-	210,447.20	-	-	21,239.71	-	231,686.91
Income directly dealt with in the fund	-	(752,138.49)	(115,029.50)	-	-	-	(867,167.99)
Expenditure directly dealt with in the fund	-	(541,691.29)	(115,029.50)	-	21,239.71	(15,638.85)	(651,119.93)
Total comprehensive income for the year	13,164,166.46	(541,691.29)	(115,029.50)	-	21,239.71	(15,638.85)	12,513,046.53
Transfer from Education Bureau and Social Welfare	(1,130,678.33)	-	-	-	-	-	(1,130,678.33)
Department surplus account	(310,667.64)	-	-	-	-	-	(310,667.64)
Other transfers	(1,745,285.61)	1,517,952.39	(765,755.04)	280,046.26	713,042.00	-	-
Transfer between funds	-	-	-	-	-	-	-
At 31 March 2014	81,862,511.75	23,975,295.51	3,885,695.16	21,507,576.12	3,793,585.44	(107,839.01)	134,916,824.97
Surplus for the year ended 31 March 2015	6,062,564.94	-	-	-	-	-	6,062,564.94
Other comprehensive income for the year	-	-	-	-	-	(53,942.70)	(53,942.70)
Surplus arising on revaluation of investment	-	100,970.50	-	-	29,999.33	-	130,969.83
Income directly dealt with in the fund	-	(348,715.05)	(160,162.00)	-	-	-	(508,877.05)
Expenditure directly dealt with in the fund	-	(247,744.55)	(160,162.00)	-	29,999.33	(53,942.70)	(431,849.92)
Total comprehensive income for the year	6,062,564.94	(247,744.55)	(160,162.00)	-	29,999.33	(53,942.70)	5,630,715.02
Transfer to Education Bureau and Social Welfare	(228,877.53)	-	-	-	-	-	(228,877.53)
Department surplus account	415,221.97	-	-	-	-	-	415,221.97
Other transfers	(3,387,023.50)	1,437,836.00	744,460.97	297,976.53	906,750.00	-	-
Transfer between funds	-	-	-	-	-	-	-
At 31 March 2015	84,724,397.63	25,165,386.96	4,469,994.13	21,805,552.65	4,730,334.77	(161,781.71)	140,733,884.43

STEWARDS
(FORMERLY KNOWN AS STEWARDS LIMITED)
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	HK\$	HK\$
Cash flows from operating activities		
Surplus before taxation	6,062,564.94	13,164,166.46
Income directly dealt with in reserve	130,969.83	231,686.91
Expenditure directly dealt with in reserve	(508,877.05)	(867,167.99)
Adjustments:		
- Transfer to Education Bureau and Social Welfare		
Department surplus account	(228,877.53)	(1,130,678.33)
- Other transfer	415,221.97	(310,667.64)
- Loss on disposal of property, furniture and equipment	15,378.00	32,091.87
- Depreciation	6,194,931.07	6,109,523.61
- Interest income	(1,302,071.48)	(903,156.00)
	10,779,239.75	16,325,798.89
Operating cash flows before working capital changes		
Decrease in inventories	27,985.06	44,998.86
Decrease / (increase) in accounts receivable and sundry debtors	2,814,855.01	(1,520,159.62)
Increase in deposits and prepayments	(598,861.00)	(1,785,797.60)
Increase / (decrease) in accounts payable and accrued expenses	2,285,939.25	(783,757.02)
(Decrease) / increase in Social Welfare Department/Education		
Bureau surplus account	(24,072.82)	1,124,876.35
(Decrease) / increase in receipts in advance	(567,355.50)	1,119,526.31
Net cash from operating activities	14,717,729.75	14,525,486.17
Cash flows from investing activities		
Interest received	1,302,071.48	903,156.00
Acquisition of held-to-maturity financial assets	(1,534,000.00)	-
Additions to property, plant and equipment	(4,290,679.00)	(6,096,179.30)
Net cash used in investing activities	(4,522,607.52)	(5,193,023.30)
Net increase in cash and cash equivalents	10,195,122.23	9,332,462.87
Cash and cash equivalents at beginning of year	123,506,336.68	114,173,873.81
Cash and cash equivalents at end of year	133,701,458.91	123,506,336.68
Analysis of the balances of cash and cash equivalents		
Time deposits	89,084,780.95	80,455,586.36
Bank balances and cash	44,616,677.96	43,050,750.32
	133,701,458.91	123,506,336.68

STEWARDS
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(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. General information

- (a) Stewards is a charitable organisation incorporated under the Companies Ordinance with liabilities of members limited by guarantee. Pursuant to the Memorandum of the Association, the liability of each member is limited to HK\$100. The address of registered office and principal place of operation of the Company is situated at 145 Hong Ning Road, Kwun Tong, Kowloon, Hong Kong.

With the license to dispense with the word "Limited" in the name of the Company granted by the Companies Registrar, the name of the Company was changed from Stewards Limited to Stewards by passing a special resolution on 12 December 2014.

- (b) The principal activities of the Company are the provision of services to the local community including education, medical and dental services, rehabilitation, and children and youth activities. The Company operated the following units during and at the end of the financial year:

Central Administration

Central Administration Office
Accounting Support

Clinics

Peace Medical Centre

Kindergartens

Stewards Pooi Chun Kindergarten
Stewards Pooi Yan Kindergarten

Social services

Adult Education Programme
After School Care Services
High Rock Christian Centre
Youth Online - Stewards Integrated Service Centre for Young People
School Social Work Services
Sha Kok Youth & Children's Centre
Sunnyway On Job Training for Young People
Supervisory Support for Rehabilitation Service Units
Supported Employment Programme
Work Extension Programme
Yiu On Commercially - Hired Vehicle
Yiu On Halfway House
Yiu On Integrated Rehabilitation Service Centre
Yiu Tsuen Sheltered Workshop
Visiting Medical Practitioner Scheme
Men Community & Reach Out Service
Syner-bright Zone (Integrated Community Centre for Mental Wellness)
Take Your Way Clubhouse (Integrated Community Centre for Mental Wellness)
YMHS Enrichment Project

STEWARDS
(FORMERLY KNOWN AS STEWARDS LIMITED)
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. **General information (cont'd)**

- (c) Details of the Company's subsidiaries (entities controlled by the Company) at the date of the statement of financial position are as follows:-

<u>Name of subsidiary</u>	<u>Place of incorporation and operation</u>	<u>Principal activities</u>
Arm Services Company Limited	Hong Kong	Operate social enterprises engaging in providing car cleaning service, tuck shop business in schools, organic food store and flower shop
Stewards Pooi Kei College Management Limited	Hong Kong	Provide secondary education to local students
Stewards Peace Dental Clinic Limited	Hong Kong	provide dental services to the general public at comparative reduced rates

The above subsidiaries are companies limited by guarantee and not having a share capital. They were set up with no capital injection by the Company. They are accounted for as subsidiaries of the Company and 100% consolidated by the Company by virtue of control.

2. **Adoption of new or revised Hong Kong Financial Reporting Standards (HKFRSs)**

In the current year, the Group has adopted, for the first time, all of the new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to its operation and effective for the accounting year ended 31 March 2015. The adoption of these new and revised HKFRSs does not have material effect on these financial statements.

3. **New and revised HKFRSs issued but not yet effective**

Up to the date of these financial statements, certain new and revised HKFRSs which may be relevant to the Group's operations and financial statements have been issued by the HKICPA but are not yet effective for the accounting year ended 31 March 2015. The Group is not yet in a position to state whether the adoption of them would have a significant impact on the Group's results of operations and financial position.

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(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

4. Principal accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investments in listed equity securities classified under available-for-sale financial assets are stated at fair values as set out in the accounting policies below.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Group.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The consolidated financial statements included the financial statements of the Company and all its subsidiaries made up to 31 March each year. Significant intercompany transactions are eliminated on consolidation and all figures in the consolidated financial statements relate to external transactions only.

The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of surplus and deficit and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

(c) Recognition of income

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in surplus or deficit as follows:

- (i) Subvention from Social Welfare Department, Education Bureau and Community Chest are recognised when the money is received.
- (ii) Government grants are recognised as income over the periods necessary to match them with the related costs.

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4. Principal accounting policies (cont'd)

(c) Recognition of income (cont'd)

- (iii) Clinic fees income are recognised in the period when the services are rendered.
- (iv) School and programme fees are recognised upon completion of services.
- (v) Revenue from production of goods is recognised on transfer of risks and rewards of ownership which generally coincides with time when goods are delivered to customers and title has passed.
- (vi) Service income and other service income are recognised when the services are rendered.
- (vii) Donations and gifts are recognised on a receipt basis.
- (viii) Interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

(d) Property, furniture and equipment

Property, furniture and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, furniture and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is recognised as expenses during the year in which it is incurred.

The gain or loss on disposal of an item of property, furniture and equipment is the difference between the net sale proceeds and the net carrying value of the relevant asset, and is recognised in surplus or deficit.

Depreciation is provided to write off the cost of property, furniture and equipment over their estimated useful lives by using the straight line method at the following annual rates:

Furniture and fixtures	20% per annum
Leasehold improvements	20-50% per annum
Motor vehicles	20% per annum

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4. Principal accounting policies (cont'd)

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measure date

Level 2 - based on inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly

Level 3 - based on inputs that are unobservable for the asset or liability

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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4. Principal accounting policies (cont'd)

(f) Financial assets

The Group classifies its financial assets in the following categories: held-to-maturity securities, financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The financial assets recognised in the financial statements during the year include held-to-maturity securities, available-for-sale financial assets and loans and receivables.

(i) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative investments in listed and unlisted securities, other than investments in subsidiaries, associates and jointly-controlled entities. They are intended to be held for a continuing strategic or long term purpose and are stated in the statement of financial position at fair value, except that equity securities which do not have a quoted market price in an active market and whose fair value cannot be measured reliably are measured at cost less any impairment losses.

In respect of available-for-sale financial assets carried at fair value, the unrealised gains or losses arising from changes in the fair value of investments are dealt with as movements in the investment revaluation reserve. When the investments are sold, the difference between the sale proceeds and the carrying value, and the accumulated fair value adjustments in the investment revaluation reserve are treated as gains or losses on disposal of investments and recognised in surplus or deficit. Impairment losses recognised in surplus or deficit for equity investments carried at fair value are not subsequently reversed through surplus or deficit. If, in a subsequent period, the fair value of a debt investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit, the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit.

In respect of available-for-sale financial assets carried at cost less any accumulated impairment losses, when there is objective evidence that an impairment loss has been incurred on an investment, the carrying amount of the investment should be reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and the amount of the impairment is recognised in surplus or deficit for the year in which it arises. Any impairment losses recognised shall not be reversed.

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4. Principal accounting policies (cont'd)

(f) Financial assets (cont'd)

(ii) Loans and receivables

Loans and receivables (including accounts receivable and sundry debtors, deposits and prepayments, bank deposits and cash balance) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and thereafter stated at amortised cost less any impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial, in such cases, the receivables are stated at cost less any impairment losses for bad and doubtful debts.

(iii) Held-to-maturity securities

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the expressed intention and positive ability to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the statement of financial position at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Financial assets are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group transfers substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in surplus or deficit.

(g) Impairment of assets

Internal and external sources of information are reviewed at each date of the statement of financial position to identify indications that the financial and non-financial assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price 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 asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

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4. Principal accounting policies (cont'd)

(g) Impairment of assets (cont'd)

(ii) Recognition of impairment losses

An impairment loss is recognised in surplus or deficit whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of other assets in the unit on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable. For financial assets carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial assets and the estimated future cash flows. Impairment losses for account receivables are reversed if in a subsequent period the amount of impairment losses decreases.

(iii) Reversals of impairment losses

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the surplus or deficit in the year in which the reversals are recognised.

(h) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Financial liabilities

Financial liabilities (including accounts payable and accrued expense, Social Welfare Department/Education Bureau subvention surplus and receipts in advance) are initially recognised at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method, unless the balances are interest-free loans obtained from related parties without any fixed repayment terms or the effect of discounting would be immaterial, in such cases, they are stated at cost.

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4. Principal accounting policies (cont'd)

(i) Financial liabilities (cont'd)

Financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments. The Group derecognises financial liabilities when the obligation specified in the contract is discharged or cancelled or expires.

(j) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the landlord are accounted for as operating leases. Rentals payable under operating leases are recognised as an expense on the straight-line basis over the lease terms.

(k) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense as incurred, except to the extent that they are included in the cost of intangible assets and inventories not yet recognised as an expense.

(iii) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawals.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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5. Income

Income received during the year are as follows:

	2015 HK\$	2014 HK\$
Subvention from Education Bureau	59,343,715.29	50,764,370.80
Subvention from Social Welfare Department	66,298,169.00	60,954,900.00
Subvention from Community Chest	1,537,717.15	2,492,836.57
Fee income from medical services	3,713,345.80	4,280,724.00
Fee income from kindergartens and schools	25,902,595.24	30,362,348.37
Fee income from social services and central administration	25,693,869.61	26,601,923.12
Donation received	3,681,545.06	3,833,024.80
Bank interest received	1,302,071.48	903,156.00
	<u>187,473,028.63</u>	<u>180,193,283.66</u>

6. Surplus before taxation

Surplus before taxation is stated after charging, inter alia, the following:

	2015 HK\$	2014 HK\$
Auditor's remuneration	103,000.00	111,300.00
Depreciation	6,194,931.07	6,109,523.61
Loss on disposal of property, furniture and equipment	15,378.00	32,091.87
Operating lease charges - land and buildings	5,024,287.00	4,893,572.00
Staff costs	125,726,384.50	114,607,401.70

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7. Directors' remuneration

Particulars of directors' remuneration for the year disclosed pursuant to section 383(1) of the Companies Ordinance are as follows:-

	2015	2014
	HK\$	HK\$
Fees	-	-
Other emoluments	-	-
Pensions	-	-
Compensation for loss of office	-	-
	<hr/>	<hr/>
Key management personnel's remuneration	<hr/> <hr/>	<hr/> <hr/>

8. Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Group is exempted from Hong Kong Profits Tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

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9. Statement of financial position of the Company

	Notes	2015 HK\$	2014 HK\$
NON-CURRENT ASSETS			
Property, furniture and equipment	10 (a)	3,067,998.31	4,949,303.90
Available-for-sale financial assets	11	402,124.45	456,067.15
		<u>3,470,122.76</u>	<u>5,405,371.05</u>
CURRENT ASSETS			
Inventories	13	19,375.79	68,847.31
Held-to-maturity financial assets	12	1,534,000.00	-
Accounts receivable and sundry debtors		1,143,069.24	2,417,482.35
Amount due from subsidiaries	14	3,643,833.96	2,035,395.48
Deposits and prepayments		2,423,502.18	2,252,465.98
Time deposits		31,000,028.67	31,650,490.03
Bank balances and cash		18,620,286.25	16,525,129.75
		<u>58,384,096.09</u>	<u>54,949,810.90</u>
CURRENT LIABILITIES			
Accounts payable and accrued expenses		2,810,363.75	2,262,891.58
Social welfare/Education Bureau surplus		1,418,375.44	1,442,448.26
Receipt in advance		1,721,632.87	2,254,875.37
		<u>5,950,372.06</u>	<u>5,960,215.21</u>
NET CURRENT ASSETS		<u>52,433,724.03</u>	<u>48,989,595.69</u>
NET ASSETS		<u>55,903,846.79</u>	<u>54,394,966.74</u>
RESERVES			
Accumulated fund	16	(105,040.01)	1,340,953.52
Designated funds	17	25,164,786.96	23,974,995.51
Flag day fund	18	4,469,994.13	3,885,695.16
Lump sum grant reserve	19	21,805,552.65	21,507,576.12
Block grant reserve	20	4,730,334.77	3,793,585.44
Investment revaluation reserve	21	(161,781.71)	(107,839.01)
		<u>55,903,846.79</u>	<u>54,394,966.74</u>

Approved and authorized for issue by the board of directors on
On behalf of the board:

24 SEP 2015



PANG Chau Sheung
Director



TO Tat Man
Director

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10. **PROPERTY, FURNITURE AND EQUIPMENT**
(a) The Group

	<u>Leasehold Land and buildings</u> HK\$	<u>Furniture and fixtures</u> HK\$	<u>Leasehold improvements</u> HK\$	<u>Motor vehicle</u> HK\$	<u>Total</u> HK\$
Cost					
At 1 April 2013	1.00	17,599,671.10	16,991,737.32	701,074.50	35,292,483.92
Additions	-	3,066,788.60	3,029,390.70	-	6,096,179.30
Disposals	-	(719,383.80)	-	-	(719,383.80)
At 31 March 2014	1.00	19,947,075.90	20,021,128.02	701,074.50	40,669,279.42
Additions	-	2,434,712.60	1,855,966.40	-	4,290,679.00
Disposals	-	(59,970.00)	(335,210.00)	-	(395,180.00)
At 31 March 2015	1.00	22,321,818.50	21,541,884.42	701,074.50	44,564,778.42
Accumulated Depreciation					
At 1 April 2013	-	11,698,657.89	11,149,397.19	367,689.88	23,215,744.96
Charge for the year	-	2,588,123.53	3,435,921.71	85,478.37	6,109,523.61
Disposals written back	-	(687,291.93)	-	-	(687,291.93)
At 31 March 2014	-	13,599,489.49	14,585,318.90	453,168.25	28,637,976.64
Charge for the year	-	2,602,733.08	3,493,035.49	99,162.50	6,194,931.07
Disposals written back	-	(58,392.00)	(321,410.00)	-	(379,802.00)
At 31 March 2015	-	16,143,830.57	17,756,944.39	552,330.75	34,453,105.71
Net Book Value					
At 31 March 2015	1.00	6,177,987.93	3,784,940.03	148,743.75	10,111,672.71
At 31 March 2014	1.00	6,347,586.41	5,435,809.12	247,906.25	12,031,302.78

The Group's leasehold land and buildings are situated in Hong Kong and are held under medium-term lease.

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10. **PROPERTY, FURNITURE AND EQUIPMENT (cont'd)**
(b) The Company

	Leasehold Land and buildings HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Motor vehicle HK\$	Total HK\$
Cost					
At 1 April 2013	1.00	5,171,789.56	13,638,720.70	701,074.50	19,511,585.76
Additions	-	1,494,461.00	300,550.00	-	1,795,011.00
Disposals	-	(580,823.80)	-	-	(580,823.80)
At 31 March 2014	1.00	6,085,426.76	13,939,270.70	701,074.50	20,725,772.96
Additions	-	884,028.00	-	-	884,028.00
Disposals	-	(21,520.00)	(300,900.00)	-	(322,420.00)
At 31 March 2015	1.00	6,947,934.76	13,638,370.70	701,074.50	21,287,380.96
Accumulated Depreciation					
At 1 April 2013	-	3,955,016.51	8,969,196.91	367,689.88	13,291,903.30
Charge for the year	-	658,445.75	2,293,999.57	85,478.37	3,037,923.69
Disposals written back	-	(553,357.93)	-	-	(553,357.93)
At 31 March 2014	-	4,060,104.33	11,263,196.48	453,168.25	15,776,469.06
Charge for the year	-	637,421.36	2,013,371.73	99,162.50	2,749,955.59
Disposals written back	-	(19,942.00)	(287,100.00)	-	(307,042.00)
At 31 March 2015	-	4,677,583.69	12,989,468.21	552,330.75	18,219,382.65
Net Book Value					
At 31 March 2015	1.00	2,270,351.07	648,902.49	148,743.75	3,067,998.31
At 31 March 2014	1.00	2,025,322.43	2,676,074.22	247,906.25	4,949,303.90

The Company's leasehold land and buildings are situated in Hong Kong and are held under medium-term lease.

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11. Available-for-sale financial assets

The investments in securities classified under available-for-sale financial assets are held for long term purposes. At 31 March 2015, investments in securities comprise:

	The Group and the Company	
	2015	2014
	HK\$	HK\$
<u>Cost</u>		
Listed equity securities	463,906.16	463,906.16
Unlisted equity securities	100,000.00	100,000.00
	563,906.16	563,906.16
<u>Carrying value</u>		
Listed equity securities carried at fair value	302,124.45	356,067.15
Unlisted equity securities carried at cost	100,000.00	100,000.00
	402,124.45	456,067.15

The fair value of the listed equity securities is based on quoted market prices.

12. Held-to-maturity securities

	The Group and the Company	
	2015	2014
	HK\$	HK\$
Unlisted debt securities, at amortised cost	1,534,000.00	-

The contractual maturity and coupon rates of the above debt equities are 9 June 2015 and 3.80% respectively.

13. Inventories

Inventories represent goods held for resale.

14. Amount due from subsidiaries

	The Company	
	2015	2014
	HK\$	HK\$
Due from Arm Services Company Limited	2,700,784.18	1,983,470.48
Due from Stewards Peace Dental Clinic Limited	943,049.78	51,925.00
	3,643,833.96	2,035,395.48

The above amounts are unsecured and interest free with no fixed repayment terms.

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15. **Separate income and expenditure account for School-Based After-School Learning and Support Programmes**

For the period from 1 April 2014 to 31 July 2014

	Programme ST1320 HK\$	Programme ST1321 HK\$	Others HK\$	Total HK\$
Balance as at 31 March 2014	203,637.00	113,086.00	-	316,723.00
Add: Income				
Education Bureau's grant	62,147.00	27,820.00	-	89,967.00
School's subsidies/fee income	-	690.00	-	690.00
Interest	-	-	-	-
	62,147.00	28,510.00	-	90,657.00
Less: Expenditure				
Tutor fee	145,925.00	72,925.00	-	218,850.00
Function materials and printing charges	33,863.80	24,602.10	-	58,465.90
Programme coordination expense	25,895.00	11,592.00	-	37,487.00
Administration expenses	25,895.00	2,500.00	-	28,395.00
	231,578.80	111,619.10	-	343,197.90
Balance as at 31 July 2014	34,205.20	29,976.90	-	64,182.10

For the period from 1 August 2014 to 31 March 2015

	Programme ST1424 HK\$	Programme ST1425 HK\$	Others HK\$	Total HK\$
Add: Income				
Education Bureau's grant	105,168.00	177,836.00	-	283,004.00
School's subsidies/fee income	370.00	-	-	370.00
Interest	-	-	-	-
	105,538.00	177,836.00	-	283,374.00
Less: Expenditure				
Tutor fee	14,400.00	52,345.00	-	66,745.00
Function materials and printing charges	1,098.60	6,866.40	-	7,965.00
Programme coordination expense	-	-	-	-
Administration expenses	-	-	-	-
	15,498.60	59,211.40	-	74,710.00
Balance as at 31 March 2015	90,039.40	118,624.60	-	208,664.00

The income and expenditure for the School-Based After-School Learning and Support Programmes for the year have been included in the consolidated statement of surplus and deficit and other comprehensive income and the balance of HK\$208,664.00 as at 31 March 2015 has been included in the receipts in advance.

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16. Accumulated fund

Accumulated fund attributable to services group are as follows:

	The Group	
	2015	2014
	HK\$	HK\$
Central Administration Office	(7,805,560.00)	(7,834,957.23)
Clinics	3,193,095.86	3,313,906.27
Kindergarten	(160,429.37)	(1,022,551.34)
Schools	84,946,327.49	80,446,520.77
Social Services	4,550,963.65	6,959,593.28
	<u>84,724,397.63</u>	<u>81,862,511.75</u>

	The Company	
	2015	2014
	HK\$	HK\$
Central Administration Office	(7,673,560.00)	(7,834,957.23)
Clinics	3,313,483.13	3,369,381.27
Kindergarten	(160,429.37)	(1,022,551.34)
Schools	-	-
Social Services	4,415,466.23	6,829,080.82
	<u>(105,040.01)</u>	<u>1,340,953.52</u>

Movements of the Company's accumulated fund during the year are set out as follows:

	2015	2014
	HK\$	HK\$
Balance as at 1 April	1,340,953.52	919,878.18
Surplus for the year ended 31 March	1,754,685.53	3,808,566.94
Transfer from Education Bureau and Social Welfare		
Department surplus account	(228,877.53)	(1,130,678.33)
Other transfers	415,221.97	(310,667.64)
Transfer to Stewards Pooi Kei College		
Managment Limited	-	(193,420.02)
Transfer between funds	<u>(3,387,023.50)</u>	<u>(1,752,725.61)</u>
Balance as at 31 March	<u>(105,040.01)</u>	<u>1,340,953.52</u>

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17. **Designated funds (cont'd)**

Movement of the Company's designated funds during the year are set out as follows:

	The Company	
	2015 HK\$	2014 HK\$
Balance as at April 1	23,974,995.51	22,999,034.41
Add: Income directly dealt with in the fund	100,670.50	210,147.20
Transfer from other funds	<u>1,437,836.00</u>	<u>1,517,952.39</u>
	25,513,502.01	24,727,134.00
Less: Expenditure directly dealt with in the fund	<u>(348,715.05)</u>	<u>(752,138.49)</u>
Balance as at March 31	<u><u>25,164,786.96</u></u>	<u><u>23,974,995.51</u></u>

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18. Flag day fund

	The Group and the Company	
	2015 HK\$	2014 HK\$
<u>Designated Flag Day fund</u>		
Balance as at April 1	3,368,694.70	4,134,449.74
Donations from flag day fund raising event held on 14 March 2015	1,727,515.20	-
	<u>5,096,209.90</u>	<u>4,134,449.74</u>
Flag Day expenses	(99,678.10)	-
	<u>4,996,531.80</u>	<u>4,134,449.74</u>
Usage of Flag day fund held in 2008 to 2013		
Health programme		
After school care programme	(72,565.43)	(143,396.60)
Counselling services	(95,099.63)	-
Rehabilitation services	(4,946.60)	(6,943.00)
Middle aged and senior male services	(293,472.43)	(139,662.00)
Youth menal health services	(467,292.04)	(18,439.50)
Recurrent expenses of central administration	-	(457,313.94)
	<u>(933,376.13)</u>	<u>(765,755.04)</u>
Balance as at 31 March	<u>4,063,155.67</u>	<u>3,368,694.70</u>
<u>General Flag Day Fund</u>		
Balance as at April 1	517,000.46	632,029.96
Other donations	50,000.00	-
	<u>567,000.46</u>	<u>632,029.96</u>
Funds allocated to		
- Central Administration Office	(120,162.00)	(57,580.00)
- High Rock Christian Centre	-	(33,479.50)
- Ma Ko Pan Memorial College	-	(12,000.00)
- Pool Kei Primary School	(40,000.00)	-
- ARM Service Co. Ltd.	-	(7,440.00)
- Yiu On Halfway House	-	(4,530.00)
	<u>(160,162.00)</u>	<u>(115,029.50)</u>
Balance as at March 31	<u>406,838.46</u>	<u>517,000.46</u>
Total balance of flag day as at 31 March	<u>4,469,994.13</u>	<u>3,885,695.16</u>

For the remaining net proceeds collected from the flag days held on 13 February 2008, 2 May 2009, 29 January 2011, 25 February 2012 and 16 Feb 2013 brought forward, the usage of HK\$933,376.13 were used as disclosed above. The unused balance of HK\$2,435,318.57 will be carried forward and will be used for the purposes of i) youth mental health service; ii) middle-aged and senior male pilot project; iii) rehabilitation service; iv) counseling service; and v) children and youth service.

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19. **Lump sum grant reserve**

	The Group and the Company	
	2015	2014
	HK\$	HK\$
Income		
Lump sum grant and tide-over grant	61,099,498.00	53,519,269.00
Fee Income	1,689,099.00	1,220,752.00
Other Income	10,775,900.13	3,913,019.60
Interest Received	<u>201,893.92</u>	<u>155,726.45</u>
Total Income	<u><u>73,766,391.05</u></u>	<u><u>58,808,767.05</u></u>
Expenditure		
Personal Emoluments	56,410,580.32	46,625,931.77
Other Charges	<u>17,147,196.88</u>	<u>11,887,789.02</u>
Total Expenditure	<u><u>73,557,777.20</u></u>	<u><u>58,513,720.79</u></u>
Surplus for the year transferred from accumulated fund	208,613.85	295,046.26
Adjustment as per SWD account inspection letter dated 4 Apr 2014	-	(15,000.00)
Transfer of unspent PA to LSG	89,362.68	-
Balance at beginning of year	<u>21,507,576.12</u>	<u>21,227,529.86</u>
Balance at end of year	<u><u>21,805,552.65</u></u>	<u><u>21,507,576.12</u></u>
The components of the reserve are as follows:		
Lump sum grant reserve (excluding provident fund)	15,084,645.24	15,440,653.11
Surplus of provident fund subvention	<u>6,720,907.41</u>	<u>6,066,923.01</u>
	<u><u>21,805,552.65</u></u>	<u><u>21,507,576.12</u></u>

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20. Block grant reserve

Movements of the block grant allocation from Social Welfare Department for property, furniture and equipment and minor works:

	The Group and the Company	
	2015	2014
	HK\$	HK\$
Balance at beginning of year	3,793,585.44	3,059,303.73
Bank interest income	29,999.33	21,239.71
	<u>3,823,584.77</u>	<u>3,080,543.44</u>
Block grant received	924,000.00	863,000.00
Expenditure for renovation, furniture and equipment	(17,250.00)	(149,958.00)
Transfer from accumulated fund and other funds	<u>906,750.00</u>	<u>713,042.00</u>
Balance at end of year	<u><u>4,730,334.77</u></u>	<u><u>3,793,585.44</u></u>

As at 31 March 2015, the outstanding commitments in respect of block grant allocation from Social Welfare Department for property, furniture and equipment and minor works were as follows:

	2015	2014
	HK\$	HK\$
Contracted but not provided for in the financial statements	-	-
Authorised but not contracted for	-	-
	<u>-</u>	<u>-</u>

21. Investment revaluation reserve

	The Group and the Company	
	2015	2014
	HK\$	HK\$
Balance at beginning of year	(107,839.01)	(92,200.16)
Decrease in the fair value of investments in securities	<u>(53,942.70)</u>	<u>(15,638.85)</u>
Balance at end of year	<u><u>(161,781.71)</u></u>	<u><u>(107,839.01)</u></u>

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22. Movement of Additional Resources for Para-medical staff

	The Group and the Company	
	2015	2014
	HK\$	HK\$
<u>Grant Code : 35141-837-1750-0000</u>		
Balance brought forward	-	81,625.02
Less: clawed back by SWD	-	(81,625.02)
	<hr/>	<hr/>
Surplus for the year	-	-
	<hr/>	<hr/>
	The Group and the Company	
	2015	2014
	HK\$	HK\$
<u>Grant Code: 35141-837-2170-0000</u>		
Balance brought forward	135,661.57	125,925.50
Income		
Additional resources for para-medical staff received	-	446,900.00
Expenditure		
Salary	-	38,253.93
Fee for hire of services	-	398,910.00
Total expenditures	-	437,163.93
	<hr/>	<hr/>
Surplus for the year and to be refunded to SWD	<u>135,661.57</u>	<u>135,661.57</u>

The above income and expenditure have been included in the consolidated statement of surplus or deficit and other comprehensive income and the balance of \$135,661.57 as at 31 March 2015 has been included in the receipts in advance.

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23. Use of the Social Welfare Development Fund (SWDF)

	The Group and the Company	
	2015	2014
	HK\$	HK\$
Phase 1		
Balance brought forward	158,355.53	158,355.53
Less: Refunded to SWD	<u>(158,355.53)</u>	<u>-</u>
Balance to be refunded to SWD	<u>-</u>	<u>158,355.53</u>
	The Group and the Company	
	2015	2014
	HK\$	HK\$
Phase 2		
Balance brought forward	64,392.40	-
Income		
Allocation from SWDF	692,106.00	197,106.00
Interest received	<u>69.20</u>	<u>-</u>
Total income during the year	<u>692,175.20</u>	<u>197,106.00</u>
Expenditure under SWDF during the year:		
1. Expenditure for projects under scope A	248,951.60	132,713.60
2. Expenditure for projects under scope B (non-IT)	-	-
3. Expenditure for projects under scope B (IT)	-	-
4. Expenditure for projects under scope C	86,805.03	-
5. Expenditure for administrative support	<u>-</u>	<u>-</u>
Total expenditure during the year	<u>335,756.63</u>	<u>132,713.60</u>
Balance carried forward to the next financial year	<u>420,810.97</u>	<u>64,392.40</u>

The above expenditures under the SWDF have been incurred in accordance with the requirements stipulated in SWDF Guidance Notes for Application, SWD's approval letter(s) and the procurement of projects and services are in line with the procedures specified in the Lotteries Fund Manual.

The above income and expenditure have been included in the consolidated statement of surplus or deficit and other comprehensive income and the balance of \$420,810.97 as at 31 March 2015 has been included in Social Welfare Department/Education Bureau surplus.

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24. District Support Scheme for Children and Youth Development - Development Project (DSSCYD)

	<u>Project</u> 樂·戲·人生 \$	<u>Project</u> 「融」入至 Cool Summer \$
Income		
Subsidy from SWD DSSCYD	24,252.70	23,650.80
Total income	<u>24,252.70</u>	<u>23,650.80</u>
Expense		
Camp fee	4,344.00	-
Performance fee	4,000.00	13,832.00
Exhibition materials	-	4,690.00
Promotion banner and printing	888.70	898.00
Group activities materials	4,750.90	3,354.50
Transportation	390.00	478.00
Photographs	-	150.00
Venue rental fee	-	5,180.00
Volunteers fee	-	675.00
Souvenir	1,400.00	-
Tutor fee	8,600.00	5,100.00
Sundries	-	710.00
Total expenses	<u>24,373.60</u>	<u>35,067.50</u>
Deficit absorbed by the Company	<u>(120.90)</u>	<u>(11,416.70)</u>

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25. 2013 滙豐社區夥伴計劃 - 社區一家

	<u>Project</u>
	《重拾·父愛》關愛 年長男士社區計劃
	\$
Income	
Subsidy from HSBC Trustee (Hong Kong) Limited	300,000.00
Total income	<u>300,000.00</u>
Expense	
《搵嘢玩研究室》單項活動	79,978.20
《穿越時代搵嘢玩》大型社區遊戲暨社區展覽	47,109.00
《退而不黷劉關張2》退休心理準備工作坊	63,051.82
《老豆退休R爆頭2》生活論壇劇場	71,086.20
導師費用	30,000.00
《平板電腦租借計劃》	35,000.00
Total expenses	<u>326,225.22</u>
Deficit absorbed by the Company	<u>(26,225.22)</u>

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26. Financial instruments

The carrying amounts of each of the categories of financial instruments as at the date of the statement of financial position are as follows:

	The Group	
	2015 HK\$	2014 HK\$
Financial assets		
Available-for-sale financial assets (investments in securities)		
- carried at fair value	302,124.45	356,067.15
- carried at cost	100,000.00	100,000.00
Held-to-maturity financial assets (investments in securities)		
- carried at amortised cost	1,534,000.00	-
Loans and receivables (including cash and bank balances)	139,407,763.04	131,428,634.82
Financial liabilities		
Financial liabilities measured at amortised cost	10,813,644.37	9,119,133.44

Other than the investment carried at cost, the fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

27. Operating lease commitments

At 31 March 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	The Group	
	2015 HK\$	2014 HK\$
Within one year	4,247,356.00	3,679,596.00
In the second to fifth years inclusive	1,611,700.00	3,304,196.00
	<u>5,859,056.00</u>	<u>6,983,792.00</u>

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28. Risk related to financial instruments

The Group's overall policy on risk management remained the same as in the previous year. The risks associated with the Group's financial instruments at the date of the statement of financial position are as follows:

Credit risk

The carrying amounts of accounts receivables and sundry debtors, deposits and prepayments, time deposits, and bank balances and cash as stated in the consolidated statement of financial position represent the Group's maximum exposure to credit risk at the date of the statement of financial position. The Group has a credit policy in place and exposures to the credit risk are monitored on an ongoing basis. In respect of the time deposits and bank balances, the exposure to credit risk is minimised by placing the deposits with reputable international financial institutions only. The Group has no significant concentrations of credit risk.

At the date of the statement of financial position, the Group had no receivables that were past or impaired.

Price risk

The Group's investments in listed equity securities are measured at fair value at each date of the statement of financial position. Therefore, the Group is exposed to security price risk. The movements in the market values of the investments in securities are reviewed by the management of the Group periodically.

Any reasonable changes in security price would not result in a significant change in the Group's results and therefore no sensitivity analysis is presented for price risk.

Interest rate risk

The value of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to fair value interest rate risk primarily relates to its fixed-rate time deposits. However, the Group only invests surplus fund in fixed-rate financial assets and such investments are normally short term. In consequence, no material exposure to fair value interest rate risk is expected.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

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28. **Risk related to financial instruments (cont'd)**

Liquidity risk (cont'd)

The maturity analysis for the Group's financial liabilities at the date of the statement of financial position, based on the contractual undiscounted cash flows, is as follows:

At 31 March 2015

	Social Welfare Department / Education Bureau surplus HK\$	Payables and accruals HK\$	Total financial liabilities HK\$
Carrying amount	1,418,375.44	9,395,268.93	10,813,644.37
Within 3 months	-	7,611,169.06	7,611,169.06
More than 3 months but within 1 year	1,418,375.44	1,784,099.87	3,202,475.31
	<u>1,418,375.44</u>	<u>9,395,268.93</u>	<u>10,813,644.37</u>

At 31 March 2014

	Social Welfare Department / Education Bureau surplus HK\$	Payables and accruals HK\$	Total financial liabilities HK\$
Carrying amount	1,442,448.26	7,676,685.18	9,119,133.44
Within 3 months	-	5,325,229.81	5,325,229.81
More than 3 months but within 1 year	1,442,448.26	2,351,455.37	3,793,903.63
	<u>1,442,448.26</u>	<u>7,676,685.18</u>	<u>9,119,133.44</u>

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29. Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid and ask prices respectively.
- The fair values of derivative instruments are measured at fair value by reference to the valuation provided by counterparty financial institutions for these instruments.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

At 31 March 2015

	Level 1 HK\$	Level 2 HK\$	Total HK\$
Financial assets			
<i>Available-for-sale financial assets</i>			
- Listed equity securities	302,124.45	-	302,124.45

At 31 March 2014

	Level 1 HK\$	Level 2 HK\$	Total HK\$
Financial assets			
<i>Available-for-sale financial assets</i>			
- Listed equity securities	356,067.15	-	356,067.15

There were no transfer between Levels 1 and 2 during the years ended 31 March 2014 and 2015.

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30. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to carry out its principal activities. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of accumulated surplus for service projects. In order to maintain or adjust the capital structure, the Group may appeal for the subvention from Hong Kong Government and donations from the general public.

31. Critical accounting estimates and judgements

In preparing these financial statements, the management is required to exercise significant judgements in the selection and application of accounting principles, including making estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal to the related actual results. The following is a review of the more significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Impairment

The Group assesses annually whether property, furniture and equipment, held-to-maturity securities and available-for-sale financial assets have any indication of impairment. The recoverable amounts of the assets have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

Depreciation

The Group's net book value of property, furniture and equipment as at 31 March 2015 was HK\$10,111,672.71. The Group depreciates the assets on a straight-line basis over their estimated useful life. The estimated useful life reflects the directors' estimate of the periods that the company intends to derive future economic benefits from the use of the assets.

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