



## Bo Charity Foundation Limited

小寶慈善基金有限公司

Financial Statements  
Year ended 31 March 2015

## Report of the directors

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

### **Principal place of business**

Bo Charity Foundation Limited (“the Foundation”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 2A, Fung Sung Building, 235 Hai Tan Street, Sham Shui Po, Kowloon.

### **Principal activity**

The Foundation is a charitable organisation limited by guarantee. The principal activity of the Foundation is to help fight against hunger & food waste.

### **Financial statements**

The results of the Foundation for the year ended 31 March 2015 and the state of the Foundation’s affairs as at that date are set out in the financial statements on pages 5 to 23.

### **Fund**

Details of the movements in fund, as described in note 11 to the financial statements, are set out in the statement of changes in fund.

### **Property, plant and equipment**

Details of the movements in property, plant and equipment are set out in note 6 to the financial statements.

### **Directors**

The directors during the financial year and up to the date of this report were:

Alice Oi Lai Tung  
Kenny Oi Kan Yiu  
Ming Git Cheng  
Kam Chung Leung  
Kitty Kit Hing Ip  
Wai Man Leung

In accordance with articles 37 & 38 of the Foundation’s articles of association, all present directors shall retire from the board every two years and, being eligible, offer themselves, for re-election continue in office for the following year.

**Directors (continued)**

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

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

**Auditors**

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Foundation is to be proposed at the forthcoming Annual General Meeting.

By order of the board



KAM CHUNG LEUNG

Hong Kong,

**25 NOV 2015**



## Independent auditor's report to the members of Bo Charity Foundation Limited *(Incorporated in Hong Kong and limited by guarantee)*

We have audited the financial statements of Bo Charity Foundation Limited ("the Foundation") set out on pages 5 to 23, which comprise the statement of financial position as at 31 March 2015, the statement of profit or loss and other comprehensive income, statement of changes in fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Directors' responsibility for the financial statements*

The directors of the Foundation are responsible for the preparation of 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 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. 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.

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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



Independent auditor's report to the members of  
Bo Charity Foundation Limited (continued)  
*(Incorporated in Hong Kong and limited by guarantee)*

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as at 31 March 2015 and of the Foundation's 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.

Certified Public Accountants

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

25 NOV 2015

**Statement of profit or loss and other comprehensive income**  
**for the year ended 31 March 2015**  
*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<i>2015</i>	<i>2014</i>
<b>Income</b>			
General donation	2	\$ 11,529,882	\$ 9,049,113
Designated donation		12,956,070	8,560,015
Bank interest income		33	27
		<u>\$ 24,485,985</u>	<u>\$ 17,609,155</u>
<b>Expenditure</b>			
Program expenses		\$ 16,031,547	\$ 8,911,624
Fundraising and marketing expenses		169,669	136,300
Administrative expenses		1,410,809	1,234,319
Bank interest expense		-	15
		<u>\$ 17,612,025</u>	<u>\$ 10,282,258</u>
<b>Surplus and total comprehensive income</b> <b>for the year</b>	3	<u>\$ 6,873,960</u>	<u>\$ 7,326,897</u>


The notes on pages 9 to 23 form part of these financial statements.

## Statement of financial position at 31 March 2015


(Expressed in Hong Kong dollars)

	Note	2015	2014
<b>Non-current assets</b>			
Property, plant and equipment	6	\$ 8,301,935	\$ 5,160,516
<b>Current assets</b>			
Other receivables, prepayments and deposits	7	\$ 9,372,255	\$ 5,201,267
Cash and cash equivalents	8	2,469,204	3,638,898
		<u>\$ 11,841,459</u>	<u>\$ 8,840,165</u>
<b>Current liabilities</b>			
Creditors and accruals	9	\$ 2,889,867	\$ 3,876,114
Unearned income	10	1,122,690	867,690
		<u>\$ 4,012,557</u>	<u>\$ 4,743,804</u>
<b>Net current assets</b>		<u>\$ 7,828,902</u>	<u>\$ 4,096,361</u>
<b>NET ASSETS</b>		<u>\$ 16,130,837</u>	<u>\$ 9,256,877</u>
<b>Fund</b>	11		
General fund		\$ 11,945,644	\$ 5,805,632
Designated fund		4,185,193	3,451,245
		<u>\$ 16,130,837</u>	<u>\$ 9,256,877</u>

Approved and authorised for issue by the board of directors on **25 NOV 2015**

  
ALICE OI LAI TUNG

)  
)  
) Directors

  
KENNY OI KAN YIU

The notes on pages 9 to 23 form part of these financial statements.

Statement of changes in fund  
for the year ended 31 March 2015  
(Expressed in Hong Kong dollars)

	Designated fund (note 11(b)(ii))							Sub-total
General fund	The							
	Hong Kong Jockey Club - Food Angel Food Rescue & Assistance Program (Kowloon Kitchen)	Lee Hysan Foundation - The Food Recycling Alliance Hong Kong Project	Hong Kong Community Chest of Hong Kong - Food Angel Food Rescue & Assistance Program (Hong Kong Kitchen)	The Community Chest of Hong Kong - Green Angel Education Program	Hong Kong Airport Authority - Food Angel Food Rescue & Assistance Program	Food Angel Community Center Sponsorship	Administration Cost Sponsorship	Total
Balance at 1 April 2013	\$ 1,919,136	\$ 10,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,929,980
Surplus and total comprehensive income for the year	3,886,496	98,993	2,239,685	127,130	88,428	886,165	-	7,326,897
Balance at 31 March 2014 and 1 April 2014	\$ 5,805,632	\$ 109,837	\$ 2,239,685	\$ 127,130	\$ 88,428	\$ 886,165	\$ -	\$ 9,256,877
Surplus/(loss) and total comprehensive income for the year	6,140,012	(4,452)	(656,466)	(148)	106	(420,783)	689,191	6,873,960
Balance at 31 March 2015	\$ 11,945,644	\$ 105,385	\$ 1,583,219	\$ 126,982	\$ 88,534	\$ 465,382	\$ 689,191	\$ 16,130,837

The notes on pages 9 to 23 form part of these financial statements.



Cash flow statement  
for the year ended 31 March 2015  
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2015</i>	<i>2014</i>
<b>Operating activities</b>			
Cash generated from operations	8(b)	\$ 3,052,357	\$ 6,300,672
<b>Net cash generated from operating activities</b>		<u>\$ 3,052,357</u>	<u>\$ 6,300,672</u>
<b>Investing activities</b>			
Bank interest received		\$ 33	\$ 27
Payment for the purchase of property, plant and equipment		<u>(4,222,084)</u>	<u>(4,441,503)</u>
<b>Net cash used in investing activities</b>		<u>\$ (4,222,051)</u>	<u>\$ (4,441,476)</u>
<b>Financing activity</b>			
Bank interest paid		<u>\$ -</u>	<u>\$ (15)</u>
<b>Net cash used in financing activity</b>		<u>\$ -</u>	<u>\$ (15)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		\$ (1,169,694)	\$ 1,859,181
<b>Cash and cash equivalents at the beginning of the year</b>		<u>3,638,898</u>	<u>1,779,717</u>
<b>Cash and cash equivalents at the end of the year</b>	8(a)	<u>\$ 2,469,204</u>	<u>\$ 3,638,898</u>

The notes on pages 9 to 23 form part of these financial statements.

## Notes to the financial statements

*(Expressed in Hong Kong dollars unless otherwise indicated)*

### 1 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”) and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Foundation is set out below.

In addition, the requirements of Part 9, “Accounts and Audit”, of the Hong Kong Companies Ordinance (Cap. 622) came into operation at the start of the Foundation’s current financial year. The adoption of the requirements has primarily impacted the presentation and disclosure of information in the financial statements. These changes mainly include updating any references to the Hong Kong Companies Ordinance to refer to the current Hong Kong Companies Ordinance and replacing certain terminology no longer used in the Hong Kong Companies Ordinance with terminology used in HKFRSs.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Foundation. However, none of these developments has had a significant impact to the Foundation’s financial statements.

The Foundation has not applied any amendments, new standards or interpretations that are not yet effective for the current accounting period (note 17).

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

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

## 1 Significant accounting policies (continued)

### (c) *Property, plant and equipment*

Property, plant and equipment are stated 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 residual value, if any, using the straight line method over their estimated useful lives as follows:

- Leasehold improvements	over the remaining lease terms
- Fixtures and kitchen equipments	3 to 4 years
- Office equipments	3 to 4 years
- Motor vehicles	5 years

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 profit or loss 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, or of the cash-generating unit to which it belongs, 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 the time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in the 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 profit or loss on the date of retirement or disposal.

### (d) *Operating lease charges*

Leases which do not transfer substantially all the risks and rewards of ownership to the Foundation are classified as operating leases.

Where the Foundation has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

## 1 Significant accounting policies (continued)

### (e) *Other receivables, prepayments and deposits*

Other receivables, prepayments and deposits are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the Foundation about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

Impairment losses for debtors whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Foundation is satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

### (f) *Creditors and accruals*

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

### (g) *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 amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

### (h) *Employee benefits*

Salaries, annual bonuses, 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. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

## 1 Significant accounting policies (continued)

### (i) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Foundation 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.

### (j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Foundation and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

#### (i) General donation

General donation is recognised when the Foundation becomes entitled to the donations and it is probable that they will be received, which is generally upon receipt of cash.

#### (ii) Designated donation

Designated donation is deferred in the statement of financial position initially when the Foundation assessed that they will be received and that the Foundation will comply with the condition attached to them. Designated donation is recognised as income in profit or loss on a systematic basis, upon fulfillment of the conditions (if any), in the same periods in which the expenses are incurred.

#### (iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

### (k) 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 are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

## 1 Significant accounting policies (continued)

### (1) *Related parties*

- (1) A person, or a close member of that person's family, is related to the Foundation if that person:
- (i) has control or joint control over the Foundation;
  - (ii) has significant influence over the Foundation; or
  - (iii) is a member of the key management personnel of the Foundation or the Foundation's parent.
- (2) An entity is related to the Foundation if any of the following conditions applies:
- (i) The entity and the Foundation 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 Foundation or an entity related to the Foundation.
  - (vi) The entity is controlled or jointly controlled by a person identified in (1).
  - (vii) A person identified in (1)(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).

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.

## 2 General Donation

	<i>2015</i>	<i>2014</i>
Public donation	\$ 7,674,992	\$ 6,805,084
Corporate donation	2,151,965	580,892
Fundraising events	1,702,925	1,663,137
	\$ 11,529,882	\$ 9,049,113

### 3 Surplus and total comprehensive income for the year

Surplus and total comprehensive income for the year is arrived at after charging:

	2015	2014
<b>(a) Program expenses</b>		
Food Angel Rescue & Assistance Program	\$ 13,515,006	\$ 8,239,572
Food Angel Community Center	780,042	-
Corporate Angel CSR Program	643,232	-
Outreach Angel Community Outreach Service	471,639	174,988
Green Angel Education Program	621,628	497,064
	\$ 16,031,547	\$ 8,911,624
<b>(b) Staff costs</b>		
Contributions to defined contribution retirement plan	\$ 366,632	\$ 180,778
Salaries, wages and other benefits	8,069,049	4,187,483
	\$ 8,435,681	\$ 4,368,261
<b>(c) Other items</b>		
Auditor's remuneration	\$ -	\$ -
Depreciation	1,631,760	660,482
Logistics expenses	2,419,249	1,851,577
Loss on disposal of property, plant and equipment	401,610	-
Operating lease charges in respect of property rentals	1,025,781	475,084
	1,025,781	475,084

### 4 Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Foundation is an approved charitable institution and is exempted from taxation under section 88 of the Hong Kong Inland Revenue Ordinance.

## 5 Directors' emoluments

Directors' 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 is as follows:

		<i>2015</i>		<i>2014</i>
Directors' fees	\$	Nil	\$	Nil
Salaries, allowances and benefits in kind		Nil		Nil
Discretionary bonuses		Nil		Nil
Retirement scheme contributions		Nil		Nil

## 6 Property, plant and equipment

	<i>Leasehold improvements</i>	<i>Fixtures and kitchen equipments</i>	<i>Offices equipments</i>	<i>Motor vehicles</i>	<i>Total</i>
<b>Cost:</b>					
At 1 April 2013	\$ 311,026	\$ 788,445	\$ -	\$ 245,437	\$ 1,344,908
Additions	<u>2,119,720</u>	<u>2,122,525</u>	<u>13,993</u>	<u>455,265</u>	<u>4,711,503</u>
At 31 March 2014	<u>\$ 2,430,746</u>	<u>\$ 2,910,970</u>	<u>\$ 13,993</u>	<u>\$ 700,702</u>	<u>\$ 6,056,411</u>
At 1 April 2014	\$ 2,430,746	\$ 2,910,970	\$ 13,993	\$ 700,702	\$ 6,056,411
Additions	4,114,944	1,517,465	-	-	5,632,409
Disposals	<u>(753,646)</u>	<u>(837,007)</u>	<u>-</u>	<u>-</u>	<u>(1,590,653)</u>
At 31 March 2015	<u>\$ 5,792,044</u>	<u>\$ 3,591,428</u>	<u>\$ 13,993</u>	<u>\$ 700,702</u>	<u>\$ 10,098,167</u>
<b>Accumulated depreciation:</b>					
At 1 April 2013	\$ 48,154	\$ 183,168	\$ -	\$ 4,091	\$ 235,413
Additions	<u>192,192</u>	<u>357,451</u>	<u>1,050</u>	<u>109,789</u>	<u>660,482</u>
At 31 March 2014	<u>\$ 240,346</u>	<u>\$ 540,619</u>	<u>\$ 1,050</u>	<u>\$ 113,880</u>	<u>\$ 895,895</u>
At 1 April 2014	\$ 240,346	\$ 540,619	\$ 1,050	\$ 113,880	\$ 895,895
Charge for the year	569,761	917,661	4,198	140,140	1,631,760
Disposals	<u>(141,832)</u>	<u>(589,591)</u>	<u>-</u>	<u>-</u>	<u>(731,423)</u>
At 31 March 2015	<u>\$ 668,275</u>	<u>\$ 868,689</u>	<u>\$ 5,248</u>	<u>\$ 254,020</u>	<u>\$ 1,796,232</u>
<b>Net book value:</b>					
At 31 March 2015	<u>\$ 5,123,769</u>	<u>\$ 2,722,739</u>	<u>\$ 8,745</u>	<u>\$ 446,682</u>	<u>\$ 8,301,935</u>
At 31 March 2014	<u>\$ 2,190,400</u>	<u>\$ 2,370,351</u>	<u>\$ 12,943</u>	<u>\$ 586,822</u>	<u>\$ 5,160,516</u>



**7 Other receivables, prepayment and deposits**

All of the other receivables, prepayment and deposits are expected to be recovered within one year.

**8 Cash at bank and in hand**

**(a) Cash and cash equivalents comprise:**

	2015	2014
Cash at bank and on hand	\$ 2,469,204	\$ 3,638,898

**(b) Reconciliation of surplus and total comprehensive income for the year to cash generated from operations:**

	Note	2015	2014
Surplus and total comprehensive income for the year		\$ 6,873,960	\$ 7,326,897
Adjustments for:			
Depreciation	3(c)	1,631,760	660,482
Bank interest income		(33)	(27)
Bank interest expense		-	15
Loss on disposal of property, plant and equipment	3(c)	401,610	-
Changes in working capital:			
Increase in other receivables, prepayments and deposits		(4,170,988)	(5,048,127)
(Decrease)/increase in creditors and accruals		(1,938,952)	3,361,432
Increase in unearned income		255,000	-
Cash generated from operations		\$ 3,052,357	\$ 6,300,672

**9 Creditors and accruals**

	<i>2015</i>	<i>2014</i>
Amount due to a director	\$ 600,000	\$ 2,970,193
Other payables and accruals	<u>2,289,867</u>	<u>905,921</u>
	<u>\$ 2,889,867</u>	<u>\$ 3,876,114</u>

Amount due to a director is unsecured, interest-free and has no fixed terms of repayment.

Other payables and accruals are expected to be settled within one year or repayable on demand.

**10 Unearned income**

	<i>2015</i>	<i>2014</i>
At the beginning of the year	\$ 867,690	\$ 867,690
Addition during the year	1,411,920	1,156,920
Recognised as income during the year	<u>(1,156,920)</u>	<u>(1,156,920)</u>
At the end of the year	<u>\$ 1,122,690</u>	<u>\$ 867,690</u>

Unearned income represents designated donation received for Food Recycling Alliance Hong Kong Project of HKD867,690 and construction program of HKD255,000. Income is recognised in profit or loss when expenses under these programs are incurred.

**11 Fund**

**(a) *Components of the Foundation's fund***

The reconciliation between the opening and closing balances of each component of the Foundation's fund is set out in the statement of changes in fund.

**11 Fund (continued)**

**(b) Nature and purpose of fund**

**(i) General fund**

General fund is used for the general operation and administration of the Foundation.

	<i>Self supporting programs</i>	
	<i>2015</i>	<i>2014</i>
<b>Income</b>		
General donation	\$ 11,529,882	\$ 9,049,113
Bank interest income	33	27
	<u>\$ 11,529,915</u>	<u>\$ 9,049,140</u>
<b>Expenditure</b>		
Program expenses	\$ 5,220,234	\$ 3,792,010
Fund raising and marketing expenses	169,669	136,300
Administrative expenses	-	1,234,319
Bank interest expense	-	15
	<u>\$ 5,389,903</u>	<u>\$ 5,162,644</u>
<b>Surplus for the year</b>	<u>\$ 6,140,012</u>	<u>\$ 3,886,496</u>



**11 Fund (continued)**

**(b) Nature and purpose of fund (continued)**

(ii) Designated fund (continued)

		<b>2014 Designated fund</b>							
		<i>The</i>	<i>The</i>	<i>The</i>	<i>Hong Kong</i>	<i>Hong Kong</i>	<i>Hong Kong</i>	<i>Total</i>	
		<i>Community</i>	<i>Community</i>	<i>Community</i>	<i>Airport</i>	<i>Airport</i>	<i>Airport</i>	<i>Total</i>	
		<i>Chest of Hong</i>	<i>Chest of Hong</i>	<i>Chest of Hong</i>	<i>Authority -</i>	<i>Authority -</i>	<i>Authority -</i>	<i>Total</i>	
		<i>Kong - Food</i>	<i>Kong - Green</i>	<i>Kong - Green</i>	<i>Food Angel</i>	<i>Food Angel</i>	<i>Food Angel</i>	<i>Total</i>	
		<i>Angel Food</i>	<i>Angel</i>	<i>Angel</i>	<i>Community</i>	<i>Community</i>	<i>Community</i>	<i>Total</i>	
		<i>Rescue &amp;</i>	<i>Education</i>	<i>Education</i>	<i>Center</i>	<i>Center</i>	<i>Center</i>	<i>Total</i>	
		<i>Assistance</i>	<i>Program</i>	<i>Program</i>	<i>Sponsorship</i>	<i>Sponsorship</i>	<i>Sponsorship</i>	<i>Total</i>	
		<i>Program</i>	<i>Program</i>	<i>Program</i>	<i>Cost</i>	<i>Cost</i>	<i>Cost</i>	<i>Total</i>	
		<i>Program</i>	<i>Program</i>	<i>Program</i>	<i>Sponsorship</i>	<i>Sponsorship</i>	<i>Sponsorship</i>	<i>Total</i>	
<b>Income</b>									
Designated donation	\$ 1,156,920	\$ 2,080,308	\$ 585,492	\$ 1,096,045	\$ -	\$ -	\$ -	\$ 8,560,015	
<b>Expenditure</b>									
Program and administrative expenses	1,057,927	1,953,178	497,064	209,880	-	-	-	5,119,614	
<b>Surplus for the year</b>	\$ 98,993	\$ 127,130	\$ 88,428	\$ 886,165	\$ -	\$ -	\$ -	\$ 3,440,401	

## 12 Members' liability

The Foundation is not authorised to issue share capital and is limited by guarantee. Under the provision of the Foundation's memorandum and articles of association, every member shall, in the event of the Foundation being wound up, contribute such amount as may be required to meet the liabilities of the Foundation but not exceeding \$100 per member.

## 13 Capital management

The Foundation's primary objectives when managing capital are to safeguard the Foundation's ability to continue as a going concern.

The Foundation defines "capital" as including the General fund maintained by the Foundation.

The Foundation's capital structure is regularly reviewed and managed. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Foundation, to the extent that these do not conflict with the directors' fiduciary duties towards the Foundation or the requirements of the Hong Kong Companies Ordinance.

## 14 Financial risk management and fair values

Exposure to credit and liquidity risks arises in the normal course of the Foundation's operations. The Foundation's exposure to these risks and the financial risk management policies and practices used by the Foundation to manage these risks are described below.

### (a) Credit risk

The Foundation's credit risk is primarily attributable to other receivables, prepayment and deposits. Management has a policy in place and the exposure to these credit risks are monitored on an ongoing basis.

### (b) Liquidity risk

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

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

### (c) Fair value measurement

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2015 and 2014.

The carrying amounts of the Foundation's financial instruments are not materially different from their fair values as at 31 March 2015 and 2014.

## 15 Operating lease commitments

At 31 March 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<i>2015</i>	<i>2014</i>
Within one year	\$ 1,002,000	\$ 415,500
After one year but within five years	<u>1,205,000</u>	<u>900,000</u>
	<u>\$ 2,207,000</u>	<u>\$ 1,315,500</u>

The Foundation is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of two to four years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

## 16 Material related party transaction

During the year ended 31 March 2015 and 31 March 2014, the foundation received donations from the following related party:

<i>Name of related party involved</i>	<i>Name of related director</i>	<i>2015</i>	<i>2014</i>
Tung Oi Lai, Alice	Tung Oi Lai, Alice	\$ 100,000	\$ -
Lo Chor Cheung, Colin	Tung Oi Lai, Alice	100,000	-
Kids Planet Enterprises Limited	Tung Oi Lai, Alice	300,000	-
Leung Wai Man	Leung Wai Man	<u>400,000</u>	<u>-</u>
		<u>\$ 900,000</u>	<u>\$ -</u>

The donations received from the above related party were subsidies towards the staff costs and acquisition of equipment.