



The Child Development Centre
明德兒童啟育中心
(Limited by Guarantee)

Financial Statements
Year ended 31 March 2021

Report of the Executive Committee

The Executive Committee submits herewith its annual report together with the audited financial statements for the year ended 31 March 2021.

Principal place of business

The Child Development Centre (“the CDC”) is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 4/F, Prime Mansion, 183-187 Johnston Road, Wanchai, Hong Kong.

Principal activities

The CDC is an independent charitable organisation and is engaged in operating an early intervention programme for children with special educational needs as well as support programmes for their families and care givers.

Chief Executive

Yvonne Becher is the CDC’s Chief Executive.

Executive Committee

The role of the Executive Committee is to provide strategic oversight and transparent governance for the CDC.

The Committee is composed of a mixture of community representatives, parents, ex-parents and long standing members as well as professional members in our community. The Committee will continue to endeavour to provide the best possible guidance and support to the CDC.

The members of the Executive Committee during the year and up to the date of this report were:

Sabrina Chi Wai Ho	Chairperson
Calvin James Hsu	Vice-Chairperson
Henson Kuan Leung Lam	
Kay McArdle	
Sonia Chan Lee	(resigned on 12 October 2020)
Jacklyn Yun-Ning Hui-Fu	
Gordon William Ewing Jones	
Abigail Ruth Rachel Tannis Porter	
Sheung Chi Clara Chin	Honorary Treasurer
Mei Ling Denise Chua	(resigned on 30 June 2020)
Peter John Gregoire	(appointed on 10 May 2021)
Shirley Suet Lui Lee	(appointed on 3 March 2021)

Executive Committee (continued)

At no time during the year was the CDC a party to any arrangements to enable any member of the Executive Committee to acquire benefit by means of the acquisition of debentures in the CDC or shares of debentures of any other body corporate.

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

Indemnity of Executive Committee members

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Executive Committee members of the CDC is currently in force and was in force throughout the year.

Strategic Planning

The CDC will continue to provide services to families who have children with additional needs, and continue to develop programmes that fill gaps in the provision for special educational needs. The CDC will also continue to provide training for its own professional staff and for local community members.

Operations/programmes

The CDC continued to maintain the highest standard of quality services for our families, with the goal of appropriate placement of children into Primary 1 education. We have implemented a very successful curriculum into the pre-school programmes that has helped prepare children for Primary 1 education and, looking longer-term, to a more successful education experience. The CDC has been allocated a new site in North Point by the Social Welfare Department for its subvented services. Tentatively the premises will be handed over to the CDC for the renovation work to commence in later part of 2021. The target opening date is May 2022.

Staff

Our multi-disciplinary team of Special Educational Needs Teachers, Speech Therapists, Occupational Therapists, Physiotherapist, Behaviour Therapists and Psychologists are experts in delivering early intervention techniques and therapies. Our in-class support staff continue to improve their skills through rigorous continued professional development training. The CDC's admissions, facilities, finance and administrative support are also crucial to the smooth running of the CDC. We value our people and continue to improve the leadership and management skills of the leadership team. They are a great resource to the continued operation and growth of the CDC.

Social Welfare Department ("SWD")

We continue to be grateful to the Social Welfare Department for their on-going support of the CDC through the subvention of some services.

Fundraising

The Daddy Daughter Ball ("the DDB") scheduled on 6 June 2020 was unfortunately cancelled due to the COVID-19 epidemic. The cancelled event still raised HK\$1.0 million (net of expenses) from the online silent auction, general donation and table sales donation. Our warmest thanks to the DDB Committee for all their time, effort and generosity and to those who helped during the difficult time.

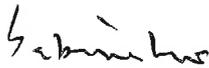
Other supporters

The Executive Committee would like to record its thanks, on behalf of everyone involved with the CDC, to all sponsors who have given so generously during the past year.

Honorary Auditors

A resolution will be submitted to the Annual General Meeting of the CDC to re-appoint the Honorary Auditors, Messrs. KPMG whose services are provided without charge; we would like to thank Miss. Heidi Chan and her staff for their assistance and sound advice.

By order of the Executive Committee



Sabrina Chi Wai Ho

Hong Kong,

25 OCT 2021



Independent auditor's report to the members of The Child Development Centre

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of The Child Development Centre ("the CDC") set out on pages 7 to 37, which comprise the statement of financial position as at 31 March 2021, the statement of comprehensive income, the statement of changes in funds and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the CDC as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the CDC in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Executive Committee is responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent auditor's report to the members of The Child Development Centre (continued)

(Incorporated in Hong Kong and limited by guarantee)

Responsibilities of the Executive Committee for the financial statements

The Executive Committee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible for assessing the CDC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intends to liquidate the CDC or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the CDC's internal control.



Independent auditor's report to the members of The Child Development Centre (continued)

(Incorporated in Hong Kong and limited by guarantee)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the Executive Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CDC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the CDC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Certified Public Accountants

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

25 OCT 2021

Statement of comprehensive income for the year ended 31 March 2021 (Expressed in Hong Kong dollars)

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

Statement of comprehensive income for the year ended 31 March 2021 (continued) (Expressed in Hong Kong dollars)

		2020				
		General fund	Designated funds			
	Note	Self-Supporting Programmes	Lump Sum Grant	Subvention, Subsidy and Applied Fund	Sub-total	Total
Principal sources of revenue						
Subvention from Social Welfare Department		\$ -	\$ 9,117,193	\$ 577,801	\$ 9,694,994	\$ 9,694,994
Service fee income	3	6,877,481	14,800	-	14,800	6,892,281
Income from fund raising activities		4,221,063	-	-	-	4,221,063
Donations received						
- General donations		605,689	-	-	-	605,689
- Specific donations		-	-	986,046	986,046	986,046
		<u>\$ 11,704,233</u>	<u>\$ 9,131,993</u>	<u>\$ 1,563,847</u>	<u>\$ 10,695,840</u>	<u>\$ 22,400,073</u>
Other net income						
Interest income		\$ 167,770	\$ -	\$ -	\$ -	\$ 167,770
Miscellaneous income		4,764	-	-	-	4,764
		<u>\$ 172,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,534</u>
Expenditure						
Activities expenses		\$ 4,716	\$ -	\$ 33,140	\$ 33,140	\$ 37,856
Advertising and publicity expenses		42,650	-	-	-	42,650
Consultancy fees		70,865	-	-	-	70,865
Depreciation		351,808	-	-	-	351,808
Direct fund raising expenses		1,181,629	-	-	-	1,181,629
Direct programme expenses		69,365	-	71,049	71,049	140,414
Electricity expenses		19,724	36,421	-	36,421	56,145
Entertainment		3,174	-	-	-	3,174
Fee remission		-	-	133,133	133,133	133,133
Insurance		63,413	-	-	-	63,413
Interest on lease liabilities		20,381	-	-	-	20,381
IT expenses		61,300	-	86,240	86,240	147,540
Legal and professional fees		105	-	-	-	105
Miscellaneous expenses		22,094	-	22,053	22,053	44,147
Office supplies		22,725	-	15,269	15,269	37,994
Printing, stationery and supplies		82,815	-	-	-	82,815
Rent, rates and utilities		501,573	1,206,518	-	1,206,518	1,708,091
Repairs and maintenance		48,965	-	800	800	49,765
Staff costs		8,399,001	7,889,054	590,565	8,479,619	16,878,620
Subscription fee	5	5,030	-	-	-	5,030
Telephone, fax and postage		23,007	-	-	-	23,007
Travelling		3,012	-	-	-	3,012
		<u>\$ 10,997,352</u>	<u>\$ 9,131,993</u>	<u>\$ 952,249</u>	<u>\$ 10,084,242</u>	<u>\$ 21,081,594</u>
Surplus for the year	13	<u>\$ 879,415</u>	<u>\$ -</u>	<u>\$ 611,598</u>	<u>\$ 611,598</u>	<u>\$ 1,491,013</u>

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

Statement of financial position at 31 March 2021

(Expressed in Hong Kong dollars)

	Note	2021	2020
Non-current assets			
Property, plant and equipment	6	\$ 2,159,937	\$ 2,888,718
Other receivables	7	-	499,426
		<u>\$ 2,159,937</u>	<u>\$ 3,388,144</u>
Current assets			
Fees and other receivables	7	\$ 2,037,696	\$ 2,485,083
Cash and bank deposits	8(a)	14,737,909	16,103,363
		<u>\$ 16,775,605</u>	<u>\$ 18,588,446</u>
Current liabilities			
Payables and accruals	9	\$ 345,697	\$ 2,069,617
Refundable deposits	9	480,925	439,034
Donations/grants received in advance	10	3,612,507	3,531,266
Surplus subventions	11	605,797	456,444
Lease liabilities	12	1,801,024	1,568,801
		<u>\$ 6,845,950</u>	<u>\$ 8,065,162</u>
Net current assets		<u>\$ 9,929,655</u>	<u>\$ 10,523,284</u>
Total assets less current liabilities		<u>\$ 12,089,592</u>	<u>\$ 13,911,428</u>
Non-current liability			
Lease liabilities	12	<u>\$ 1,558,046</u>	<u>\$ 3,031,304</u>
NET ASSETS		<u>\$ 10,531,546</u>	<u>\$ 10,880,124</u>

Statement of financial position at 31 March 2021 (continued)

(Expressed in Hong Kong dollars)

	Note	2021	2020
Representing:			
General fund	13	\$ 9,236,223	\$ 9,519,523
Designated funds			
Capital Expenditure Fund	14	\$ -	\$ -
Family Support Services Fund	15	250,000	307,670
Therapeutic Intervention Fund	16	77,964	88,650
Community Development Programme Fund	17	-	-
Specific Programme Activities Fund	18	-	50,000
Lotteries Fund	19	28,811	47,808
Professional Development Fund	20	39,753	113,083
Financial Aid Fund	21	401,075	255,670
Long Service Award & Staff Welfare Reserve	22	497,720	497,720
		<u>\$ 1,295,323</u>	<u>\$ 1,360,601</u>
		<u>\$ 10,531,546</u>	<u>\$ 10,880,124</u>

Approved and authorised for issue by the Executive Committee on 25 OCT 2021

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

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

**Statement of changes in funds
for the year ended 31 March 2021**
(Expressed in Hong Kong dollars)

	<i>General Fund</i>	<i>Designated Funds</i>	<i>Total</i>
Balance at 1 April 2019	\$ 8,194,711	\$ 1,194,400	\$ 9,389,111
Net surplus for the year	879,415	611,598	1,491,013
Inter-fund transfers	445,397	(445,397)	-
Balance at 31 March 2020	<u>\$ 9,519,523</u>	<u>\$ 1,360,601</u>	<u>\$ 10,880,124</u>
Balance at 1 April 2020	\$ 9,519,523	\$ 1,360,601	\$ 10,880,124
Net deficit for the year	(283,300)	(65,278)	(348,578)
Balance at 31 March 2021	<u>\$ 9,236,223</u>	<u>\$ 1,295,323</u>	<u>\$ 10,531,546</u>

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

Cash flow statement for the year ended 31 March 2021 (Expressed in Hong Kong dollars)

	Note	2021	2020
Operating activities			
Net (deficit)/surplus for the year		\$ (348,578)	\$ 1,491,013
Adjustments for:			
Interest income		(77,410)	(167,770)
Interest on lease liabilities	8(b)	137,824	20,381
Depreciation		1,215,176	351,808
		<u>1,215,176</u>	<u>351,808</u>
Operating surplus before changes in working capital		\$ 927,012	\$ 1,695,432
Decrease in fees and other receivables		946,813	1,261,319
Decrease in payables and accruals		(1,723,920)	(145,182)
Increase/(decrease) in refundable deposits		41,891	(159,156)
Increase in donations/grants received in advance		168,578	148,415
Increase/(decrease) in surplus subventions		149,353	(232,865)
		<u>149,353</u>	<u>(232,865)</u>
Net cash generated from operating activities		\$ 509,727	\$ 2,567,963
Investing activities			
Decrease in deposits with banks with original maturity over 3 months		\$ -	\$ 4,379,569
Payment for purchase of property, plant and equipment		(87,337)	(41,150)
Interest received from bank deposits		77,410	177,947
		<u>77,410</u>	<u>177,947</u>
Net cash (used in)/generated from investing activities		\$ (9,927)	\$ 4,516,366

Cash flow statement
for the year ended 31 March 2021 (continued)
(Expressed in Hong Kong dollars)

	Note	2021	2020
Financing activities			
Capital element for lease rental paid	8(b)	\$ (1,727,430)	\$ (374,267)
Interest element for lease rental paid	8(b)	<u>(137,824)</u>	<u>(20,381)</u>
Net cash used in financing activities		<u>\$ (1,865,254)</u>	<u>\$ (394,648)</u>
Net (decrease)/increase in cash and cash equivalents		\$ (1,365,454)	\$ 6,689,681
Cash and cash equivalents at beginning of year		<u>16,103,363</u>	<u>9,413,682</u>
Cash and cash equivalents at end of year	8(a)	<u>\$ 14,737,909</u>	<u>\$ 16,103,363</u>

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

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 Status of the CDC

The Child Development Centre ("the CDC") was incorporated under the laws of Hong Kong on 5 September 1978 and is a company limited by guarantee and not having a share capital. Under the provision of the CDC's Memorandum of Association, every member shall, in the event of the CDC being wound up, contribute such amount as may be required to meet the liabilities of the CDC but not exceeding \$100 per member. At 31 March 2021, the CDC had 9 members (2020: 10 members).

The members of the CDC are not entitled to the income nor property of the CDC, by way of dividend, bonus or otherwise.

The CDC has been granted charitable institution status and is exempt from Hong Kong taxation under section 88 of the Inland Revenue Ordinance.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the CDC are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the CDC. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the CDC for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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

2 Significant accounting policies (continued)

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

(c) *Changes in accounting policies*

None of these developments have had a material effect on how the CDC's results and financial position for the current or prior periods have been prepared or presented. The CDC has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) *Revenue recognition*

Income is classified by the CDC as revenue when it arises from the provision of services in the ordinary course of the CDC's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the CDC is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the CDC's revenue and other income recognition policies are as follows:

(i) Donations

Donations are recognised in the statement of comprehensive income when the CDC becomes entitled to the donations and it is probable that they will be received.

Designated donations that compensate the CDC for expenses incurred are recognised as income on a systematic basis in the same periods in which the expenses are incurred. Designated donations that compensate for the cost of assets are deducted from the carrying amount of the assets.

(ii) Subventions from the Social Welfare Department/Government

Subventions from the Social Welfare Department/Government are recognised in the statement of comprehensive income on a systematic basis in the same periods in which the related expenses are incurred and when the conditions attached to the subventions are met.

(iii) Service fee

Service fee income are recognised on an accrual basis when related services are rendered.

(iv) Income from fund raising activities

Income from fund raising activities is recognised on an accruals basis when the events to which they relate are held.

2 Significant accounting policies (continued)

(v) Interest income

Interest income is recognised as it accrues using the effective interest method. Using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(e) *Property, plant and equipment*

Specific grants and designated donations utilised in respect of property, plant and equipment are allocated to reduce the acquisition cost of the assets recognised in the financial statements. Any balance of the cost of these assets that is not covered by such grants and donations, together with the cost of all other property, plant and equipment including right-of-use assets arising from leases of underlying property, plant and equipment (see note 2(f)) are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Computer equipment	3 years
- Furniture, fixtures and equipment	5 years
- Properties leased for own use	Unexpired term of the lease

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in the statement of comprehensive income if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the statement of comprehensive income on the date of retirement or disposal.

(f) *Leased assets*

At inception of a contract, the CDC assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

2 Significant accounting policies (continued)

As a lessee

At the lease commencement date, the CDC recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation (see note 2(e)) and impairment losses (see note 2(e)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the CDC's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the CDC will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The CDC presents right-of-use assets in "property, plant and equipment" and presents lease liabilities separately in the statement of financial position.

(g) Fees and other receivables

A receivable is recognised when the CDC has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

The loss allowance for fees receivables is measured at an amount equal to lifetime expected credit losses ("ECLs"), which are those losses that are expected to occur over the expected life of the trade receivables. The loss allowance is estimated using a provision matrix based on the CDC's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

2 Significant accounting policies (continued)

For other receivables, the CDC recognizes loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The CDC recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of trade and other receivables through a loss allowance account.

The gross carrying amount of a trade debtor or other receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the CDC determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(h) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(g).

(i) *Payables and refundable deposits*

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

(j) *Provisions and contingent liabilities*

Provisions are recognised when the CDC has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) *Employee benefits*

Salaries, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

2 Significant accounting policies (continued)

(l) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the statement of comprehensive income.

(m) Related parties

- (a) A person, or a close member of that person's family, is related to the CDC if that person:
- (i) has control or joint control over the CDC;
 - (ii) has significant influence over the CDC; or
 - (iii) is a member of the key management personnel of the CDC or the CDC's parent.
- (b) An entity is related to the CDC if any of the following conditions applies:
- (i) The entity and the CDC are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the CDC or an entity related to the CDC.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the CDC or to the CDC's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Service fee income

Service fee income generated during the year is comprised of the following:

	2021	2020
School fees	\$ 1,231,304	\$ 2,802,378
Service fees	<u>3,344,014</u>	<u>4,089,903</u>
	<u>\$ 4,575,318</u>	<u>\$ 6,892,281</u>

4 Executive Committee members' emoluments

Executive Committee members' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2021	2020
Executive Committee members' fees	\$ -	\$ -
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	<u>-</u>	<u>-</u>

5 Staff costs

	2021	2020
Contributions to defined contribution retirement plan	\$ 552,428	\$ 580,324
Salaries, allowances and benefits in kind	<u>15,015,700</u>	<u>16,298,296</u>
	<u>\$ 15,568,128</u>	<u>\$ 16,878,620</u>

6 Property, plant and equipment

	<i>Computer equipment</i>	<i>Furniture, fixtures and equipment</i>	<i>Properties leased for own use</i>	<i>Total</i>
Cost:				
At 1 April 2019	\$ 26,500	\$ -	\$ 357,068	\$ 383,568
Additions	26,680	14,470	4,617,304	4,658,454
Transfer to donation/grants received in advance (note 10)	(26,680)	(14,470)	-	(41,150)
Transfer to other receivables (note 7)	-	-	(1,752,985)	(1,752,985)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020 and 1 April 2020	\$ 26,500	\$ -	\$ 3,221,387	\$ 3,247,887
Additions	46,750	40,587	486,395	573,732
Transfer to donation/grants received in advance (note 10)	(46,750)	(40,587)	-	(87,337)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	<u>\$ 26,500</u>	<u>\$ -</u>	<u>\$ 3,707,782</u>	<u>\$ 3,734,282</u>
Accumulated depreciation:				
At 1 April 2019	\$ 7,361	\$ -	\$ -	\$ 7,361
Charge for the year	8,833	-	342,975	351,808
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020 and 1 April 2020	\$ 16,194	\$ -	\$ 342,975	\$ 359,169
Charge for the year	8,833	-	1,206,343	1,215,176
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	<u>\$ 25,027</u>	<u>\$ -</u>	<u>\$ 1,549,318</u>	<u>\$ 1,574,345</u>
Net book value:				
At 31 March 2021	<u>\$ 1,473</u>	<u>\$ -</u>	<u>\$ 2,158,464</u>	<u>\$ 2,159,937</u>
At 31 March 2020	<u>\$ 10,306</u>	<u>\$ -</u>	<u>\$ 2,878,412</u>	<u>\$ 2,888,718</u>

6 Property, plant and equipment (continued)

(a) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	2021	2020
Properties leased for own use, carried at depreciated cost	(i)	\$ <u>2,158,464</u>	\$ <u>2,878,412</u>

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

	2021	2020
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	\$ <u>1,206,343</u>	\$ <u>342,975</u>
Interest on lease liabilities	\$ <u>137,824</u>	\$ <u>20,381</u>

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

Details of the maturity analysis of lease liabilities are set out in note 12.

(i) Properties leased for own use

The CDC has obtained the right to use properties as its office through tenancy agreements. The leases typically run for an initial period of 2-3 years.

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

7 Fees and other receivables

	2021	2020
Fees receivables	\$ 347,349	\$ 213,127
Other receivables (note (a) and (b))	<u>1,690,347</u>	<u>2,771,382</u>
	<u>\$ 2,037,696</u>	<u>\$ 2,984,509</u>

Except for the balance amounting to \$Nil (2020: \$499,426), which are expected to be recovered or recognised as expense after more than one year, all the remaining fees and other receivables are expected to be recovered or recognised as expense within one year.

Notes:

- (a) The balance of other receivables included a subvention receivable from Social Welfare Department, amounting to \$499,426 (2020: \$1,752,985), relating to 18-month rental subsidy for the new tenancy agreement entered by the CDC during the year ended 31 March 2020. This rental subsidy is allocated to reduce the cost of properties leased for own use (see note 6). During the year ended 31 March 2021, the CDC paid rent amounting from \$115,600 to \$136,000 (2020: \$115,600) relating to this new tenancy agreement, which 73% of it is subvented by SWD. Subsequent to the year end, due to the North Point premises handover being rescheduled to later part of 2021, the rental subsidy from the Social Welfare Department is expected to extend to April 2022.
- (b) The remaining balance of other receivables also included deposits of \$584,799 (2020: \$590,722) and prepayment of \$412,261 (2020: \$265,703).

The CDC's credit policy is set out in note 24(a).

8 Cash and bank deposits

(a) Cash and cash equivalents comprise:

	2021	2020
Bank deposits	\$ 7,678,269	\$ 7,591,643
Cash at bank and on hand	<u>7,059,640</u>	<u>8,511,720</u>
Cash and cash equivalents in the cash flow statement and statement of financial position	<u>\$ 14,737,909</u>	<u>\$ 16,103,363</u>

8 Cash and bank deposits (continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the CDC's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	<i>Lease liabilities (Note 12)</i>	
	2021	2020
At 1 April	\$ 4,600,105	\$ 357,068
Changes from financing cash flows:		
Capital element of lease rentals paid	\$ (1,727,430)	\$ (374,267)
Interest element of lease rentals paid	(137,824)	(20,381)
Total changes from financing cash flows	<u>\$ (1,865,254)</u>	<u>\$ (394,648)</u>
Other changes:		
Increase in lease liabilities from entering into new lease during the year	\$ 486,395	\$ 4,617,304
Interest expenses	137,824	20,381
Total other changes	<u>\$ 624,219</u>	<u>\$ 4,637,685</u>
At 31 March	<u>\$ 3,359,070</u>	<u>\$ 4,600,105</u>

(c) Total cash outflow for leases

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

	2021	2020
Within operating cash flows	\$ -	\$ 1,386,000
Within financing cash flows	1,865,254	394,648
	<u>\$ 1,865,254</u>	<u>\$ 1,780,648</u>

9 Payables, accruals and refundable deposits

Payables, accruals and refundable deposits are expected to be settled within one year or are repayable on demand.

10 Donations/grants received in advance

	2021	2020
Balance at the beginning of the year	\$ 3,531,266	\$ 3,424,001
Transferred (to)/from Capital Expenditure Fund (note 14)	\$ (16,941)	\$ 33,414
Transferred from Family Support Services Fund (note 15)	43,673	-
Transferred from Lotteries Fund - Block Grant (note 19(a))	141,846	115,001
Transferred from property, plant and equipment (note 6)	(87,337)	(41,150)
	<u>\$ 81,241</u>	<u>\$ 107,265</u>
Balance at the end of the year	<u>\$ 3,612,507</u>	<u>\$ 3,531,266</u>

The balance is used to finance the cost of furnishing and equipment of the CDC or donation received in advance under specific events.

11 Surplus subventions

Surplus subventions being accumulated subventions provided by the Social Welfare Department advanced to the CDC but not yet utilised during the year and may be subject to claw back, are analysed below:

	2021	2020
Balance at the beginning of the year	\$ 456,444	\$ 689,309
Receipt of subsidies/(utilisation and refunds), net		
- Lump Sum Grant reserve (including surplus for Provident Fund subvention of 6.8% and other posts (note (a)))	\$ (3,822)	\$ (221,506)
- SWD Development Fund - Phase 3 (note (b))	32,518	(11,359)
- Enhanced Support for Ethnic Minority Children (note (c))	120,657	-
	<u>\$ 149,353</u>	<u>\$ (232,865)</u>
Balance at the end of the year	<u>\$ 605,797</u>	<u>\$ 456,444</u>

11 Surplus subventions (continued)

Notes:

- (a) The CDC has set aside surplus subventions received over previous years for the Lump Sum Grant, including surplus of Provident Fund subvention of 6.8% and other posts.

	2021	2020
Balance at the beginning of the year	\$ 456,444	\$ 677,950
Grant received during the year	8,194,313	8,078,669
Expenditure during the year	(8,010,845)	(7,910,675)
Other	(187,290)	(389,500)
Balance at the end of the year	<u>\$ 452,622</u>	<u>\$ 456,444</u>

- (b) SWD Development–Fund - Phase 3

The CDC has utilised during the year ended 31 March 2021, the subvention received during the current and previous years from the Lotteries Fund relating to the SWD Development Fund. At the end of the reporting period, the CDC has transferred the surplus subvention received from the Lotteries Fund relating to the SWD Development Fund from designated funds to “surplus subventions” as a liability, since the funds could be subject to claw back by the SWD.

	2021	2020
Balance at the beginning of the year	\$ -	\$ 11,359
Grant received during the year	12,700	169,895
Reversal of accruals	20,518	-
Interest received during the year	-	-
Expenditure for projects	-	(172,359)
Expenditure for administrative support	(700)	(8,895)
Balance at the end of the year	<u>\$ 32,518</u>	<u>\$ -</u>

- (c) Enhanced Support for Ethnic Minority Children

The CDC has utilised during the year ended 31 March 2021, the subvention received during the current and previous years from the Lotteries Fund relating to the Enhanced Support for Ethnic Minority Children. At the end of the reporting period, the CDC has transferred the surplus subvention received from the Lotteries Fund relating to the Enhanced Support for Ethnic Minority Children from designated funds to “surplus subventions” as a liability, since the funds could be subject to claw back by the SWD.

	2021	2020
Balance at the beginning of the year	\$ -	\$ -
Grant received during the year	240,000	-
Expenditure for projects	(117,966)	-
Expenditure for administrative support	(1,377)	-
Balance at the end of the year	<u>\$ 120,657</u>	<u>\$ -</u>

12 Lease liabilities

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

	2021		2020	
	<i>Present value of the lease payments</i>	<i>Total lease payments</i>	<i>Present value of the lease payments</i>	<i>Total lease payments</i>
Within 1 year	\$ 1,801,024	\$ 1,884,000	\$ 1,568,801	\$ 1,697,254
After 1 year but within 2 years	\$ 1,558,046	\$ 1,580,000	\$ 1,556,610	\$ 1,632,000
After 2 years but within 5 years	-	-	1,474,694	1,496,000
	<u>\$ 1,558,046</u>	<u>\$ 1,580,000</u>	<u>\$ 3,031,304</u>	<u>\$ 3,128,000</u>
	<u>\$ 3,359,070</u>	<u>\$ 3,464,000</u>	<u>\$ 4,600,105</u>	<u>\$ 4,825,254</u>
Less: total future interest expenses		(104,930)		(225,149)
Present value of lease liabilities		<u>\$ 3,359,070</u>		<u>\$ 4,600,105</u>

13 General fund

	2021	2020
Balance at the beginning of the year	\$ 9,519,523	\$ 8,194,711
(Deficit)/surplus for the year	(283,300)	879,415
Transfer from designated funds	-	445,397
Balance at the end of the year	<u>\$ 9,236,223</u>	<u>\$ 9,519,523</u>

14 Capital Expenditure Fund

	2021	2020
Balance at the beginning of the year	\$ -	\$ -
Donations received during the year	\$ 50,000	\$ 50,000
Expenditure for the year	(126,063)	(75,292)
Deficit for the year	\$ (76,063)	\$ (25,292)
Transferred from/(to) donations/grants received in advance (note 10)	\$ 16,941	\$ (33,414)
Transferred to property, plant and equipment (note 6)	59,122	-
Transferred from Community Development Program Fund (note 17)	-	74,975
Transferred from Specific Programme Activities Fund (note 18)	-	415,087
Transferred to general fund (note 13)	-	(431,356)
	<u>\$ 76,063</u>	<u>\$ 25,292</u>
Balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>

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

15 Family Support Services Fund

	2021	2020
Balance at the beginning of the year	\$ 307,670	\$ 3,073
Donations received during the year	\$ 41,000	\$ 362,000
Grants received during the year	43,673	-
Expenditure for the year	(3,726)	(57,403)
Surplus for the year	\$ 80,947	\$ 304,597
Transferred to other receivables (note 7)	\$ (94,944)	\$ -
Transferred to donations/grants received in advance (note 10)	(43,673)	-
	\$ (138,617)	\$ -
Balance at the end of the year	\$ 250,000	\$ 307,670

The fund is used for the provision of supports for parents within the special needs community. Supports can be in form of sharing of professional talk.

16 Therapeutic Intervention Fund

	2021	2020
Balance at the beginning of the year	\$ 88,650	\$ 108,924
Donations received during the year	\$ -	\$ 25,900
Expenditure for the year	(10,686)	(32,274)
Deficit for the year	\$ (10,686)	\$ (6,374)
Transferred to general fund (note 13)	\$ -	\$ (13,900)
	\$ -	\$ (13,900)
Balance at the end of the year	\$ 77,964	\$ 88,650

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

17 Community Development Programme Fund

	2021	2020
Balance at the beginning of the year	\$ -	\$ 108,289
Transferred to Long Service Award & Staff Welfare Reserve (note 22)	\$ -	\$ (33,314)
Transferred to Capital Expenditure Fund (note 14)	-	(74,975)
	\$ -	\$ (108,289)
Balance at the end of the year	\$ -	\$ -

The fund is used for programmes aimed to increase awareness for special needs children in the community and to increase publicity of the CDC and its services provided.

18 Specific Programme Activities Fund

	2021	2020
Balance at the beginning of the year	\$ 50,000	\$ 519,064
Donations received during the year	\$ -	\$ 85,000
Expenditure for the year	(50,000)	(118,362)
Deficit for the year	\$ (50,000)	\$ (33,362)
Transferred to general fund (note 13)	\$ -	\$ (141)
Transferred to Capital Expenditure Fund (note 14)	-	(415,087)
Transferred to Long Service Award & Staff Welfare Reserve (note 22)	-	(20,474)
	\$ -	\$ (435,702)
Balance at the end of the year	\$ -	\$ 50,000

The fund is used for specified programmes requested by either donor or service recipients. Programme activities can vary from workshops, seminars to treatment camps, etc.

19 Lotteries Fund

	2021	2020
(a) Block Grant		
Balance at the beginning of the year	\$ -	\$ -
Grant received during the year	\$ 143,000	\$ 120,000
Expenditure for the year	(29,369)	(4,999)
Surplus for the year	\$ 113,631	\$ 115,001
Transferred to donations/grants received in advance (note 10)	\$ (141,846)	\$ (115,001)
Transferred to property, plant, and equipment (note 6)	28,215	-
	\$ (113,631)	\$ (115,001)
Balance at the end of the year	\$ -	\$ -
(b) SWD Development Fund – Phase 3		
Balance at the beginning of the year	\$ -	\$ -
Grant received during the year	\$ 12,700	\$ 169,895
Reversal of accruals	20,518	-
Expenditure for the year	(700)	(181,254)
Surplus/(deficit) for the year	\$ 32,518	\$ (11,359)
Transferred (to)/from surplus subventions (note 11)	\$ (32,518)	\$ 11,359
Balance at the end of the year	\$ -	\$ -
(c) Community-based Support Projects		
Balance at the beginning of the year	\$ 38,861	\$ 54
Grant received during the year	\$ 64,326	\$ 64,323
Expenditure for the year	(74,376)	(25,516)
(Deficit)/surplus for the year	\$ (10,050)	\$ 38,807
Balance at the end of the year	\$ 28,811	\$ 38,861

19 Lotteries Fund (continued)

	2021	2020
(d) Training Subsidy Programme		
Balance at the beginning of the year	\$ -	\$ -
Grant received during the year	\$ 222,844	\$ 206,550
Expenditure for the year	(293,288)	(255,075)
Deficit for the year	\$ (70,444)	\$ (48,525)
Transfer from other receivables (note 7)	\$ 70,444	\$ 48,525
Balance at the end of the year	\$ -	\$ -
(e) COVID-19 additional funding		
Balance at the beginning of the year	\$ 8,947	\$ -
Grant received during the year	\$ 32,000	\$ 31,000
Expenditure for the year	(40,947)	(22,053)
(Deficit)/surplus for the year	\$ (8,947)	\$ 8,947
Balance at the end of the year	\$ -	\$ 8,947
(f) Enhanced Support for Ethnic Minority Children		
Balance at the beginning of the year	\$ -	\$ -
Grant received during the year	\$ 240,000	\$ -
Expenditure for the year	(119,343)	-
Surplus for the year	\$ 120,657	\$ -
Transferred to surplus subventions (note 11)	\$ (120,657)	\$ -
Balance at the end of the year	\$ -	\$ -

19 Lotteries Fund (continued)

	2021	2020
(g) Training Subsidy for Child Care Worker		
Balance at the beginning of the year	\$ -	\$ -
Grant received during the year	\$ 30,000	\$ -
Expenditure for the year	(30,000)	-
Surplus for the year	\$ -	\$ -
Balance at the end of the year	\$ -	\$ -
Balance of Lotteries Fund at the end of year	\$ 28,811	\$ 47,808

There were no outstanding commitments in respect of replenishment of furniture and equipment or minor works under the Lotteries Fund for both years.

The fund is used for various programmes allowed under the government subvention usage such as but not limited to acquiring fixed assets for the programmes or its related expenses.

20 Professional Development Fund

	2021	2020
Balance at the beginning of the year	\$ 113,083	\$ -
Donations received during the year	\$ -	\$ 117,000
Expenditure for the year	(73,330)	(3,917)
(Deficit)/surplus for the year	\$ (73,330)	\$ 113,083
Balance at the end of the year	\$ 39,753	\$ 113,083

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

21 Financial Aid Fund

	2021	2020
Balance at the beginning of the year	\$ <u>255,670</u>	\$ <u>9,243</u>
Donations received during the year	\$ 404,800	\$ 379,560
Expenditure for the year	<u>(259,395)</u>	<u>(133,133)</u>
Surplus for the year	<u>\$ 145,405</u>	<u>\$ 246,427</u>
Balance at the end of the year	<u>\$ 401,075</u>	<u>\$ 255,670</u>

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

22 Long Service Award & Staff Welfare Reserve

	2021	2020
Balance at the beginning of the year	\$ <u>497,720</u>	\$ <u>445,753</u>
Donations received during the year	\$ 12,570	\$ -
Expenditure for the year	<u>(12,570)</u>	<u>(1,821)</u>
Deficit for the year	<u>\$ -</u>	<u>\$ (1,821)</u>
Transferred from Community Development Programme Fund (note 17)	\$ -	\$ 33,314
Transferred from Specific Programme Activities Fund (note 18)	<u>-</u>	<u>20,474</u>
	<u>\$ 497,720</u>	<u>\$ 53,788</u>
Balance at the end of the year	<u>\$ 497,720</u>	<u>\$ 497,720</u>

The fund is used for long services awards for staff.

23 Material related party transactions

(a) Transactions with key management personnel

Key management personnel of the CDC includes the CDC's Executive Committee members and the Chief Executive. The emoluments of the Executive Committee members are disclosed in note 4.

The emoluments of the CDC's Chief Executive are as follows:

	2021	2020
Fees	\$ -	\$ -
Salaries, allowances and benefits in kind	1,203,193	1,236,764
Discretionary bonuses	-	-
Retirement scheme contributions	18,000	18,000
	<u>\$ 1,221,193</u>	<u>\$ 1,254,764</u>

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

(b) Donations

Donations received during the year include funds provided by the Executive Committee members, the CDC's Chief Executive and ex-Executive Committee member of \$32,500 (2020: \$40,650), \$8,800 (2020: \$10,830) and \$Nil (2020: \$1,000) respectively.

24 Financial risk management and fair values of financial instruments

Exposure to credit and liquidity risks arises in the normal course of the CDC's operations. These risks are limited by the CDC's financial management policies and practices described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the CDC. The CDC's credit risk is primarily attributable to fees and other receivables and cash and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The CDC's exposure to credit risk arising from cash and bank balances is limited because the counterparties are banks and financial institutions with sound credit ratings. The CDC measures loss allowance for fees and other receivables in accordance with note 2(g), which is calculated using a provision matrix based on the CDC's historical credit loss experience and patterns, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions at the reporting date. With reference to the recent historical credit loss experience, the loss allowance is insignificant.

24 Material related party transactions (continued)

(b) Liquidity risk

The CDC is responsible for its own cash management. The CDC's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate subventions and donations to meet its liquidity requirements in the short and longer term.

Except for lease liabilities (note 12), all financial liabilities are carried at amounts not materially different from their contractual undiscounted cash flow and are with maturities within one year or repayable on demand at the end of the reporting period.

(c) Fair values measurement

The carrying amounts of the CDC's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2021 and 31 March 2020.

25 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 March 2021 and which have not been adopted in these financial statements. These include the following which may be relevant to the CDC.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023

The CDC is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.