



**Bo Charity Foundation Limited  
(Limited by Guarantee)**

小寶慈善基金有限公司

Financial Statements  
Year ended 31 March 2017

## Directors' Report

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2017.

### **Principal place of business**

Bo Charity Foundation Limited ("the Foundation") is a foundation incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 2A, Fung Sing 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.

### **Business Review**

#### ***Business Objectives***

Founded in 2009 as a registered charitable organization, the Foundation has dedicated to conserving the environment and caring for the underprivileged communities in Hong Kong.

The Foundation strives to accomplish its missions to reduce food waste at the source, alleviate hunger and poverty, and educate the next generation through its food rescue and food assistance programme, central kitchen initiatives, food collection by the effort of our delivery fleet, community outreach services, education programmes and volunteer team.

#### ***Our Work in the year ended 31 March 2017***

##### ***1. Food Rescue & Food Assistance***

The mission of the Foundation is "Waste Not, Hunger Not, With Love". We target to rescue edible surplus food from different sectors of the food industry, which would otherwise be disposed of as waste. Following strict safety protocols, we prepare nutritious hot meals in our central kitchens with the rescued food, and serve them to underprivileged communities.

In the current financial year, we have rescued close to 1,396,108 kg of edible surplus food from the food industry and 24,437 pieces of bread from bakeries in Hong Kong. Making use of the surplus food, we have prepared 1,395,761 meals boxes and 349,027 non-perishable food packs. These meal boxes and food packs have been sent to our beneficiaries through our 200 charity partners.

To help tackle the growing volume of edible surplus food and to meet with growing demand from the community on free hot meal service, we have expanded our operation capacity in the current financial year. One of the major developments has been the setup of a central food storage and processing centre. Successfully launched in the third quarter of 2017, this Food Station enables us with larger storage capacity for rescued food, together with central processing capacity for various food categories which helps relieve space and resources of the two central kitchens for meal box outputs.

## **Business Review (continued)**

### **2. Services**

We operate a community centre at which we provide free dine-in meals to the vulnerable and frail elderly as well as young families of need in Sham Shui Po district. In addition, our outreach team delivers hot nutritious meal boxes and non-perishable food packs to singletons and deprived elderly.

### **3. Education**

Food Angel runs a variety of educational activities throughout the school year to build our young generation's consciousness of cherishing food and preserving natural resources. School children are encouraged to learn about issues of food waste, hunger, poverty and elderly care in our society. In the current financial year, our Green Angel has visited over 110 local and international schools and inspired more than 13,000 students.

## **Financial Performance for the year ended 31 March 2017**

The total donation income was HK\$41,629,002, relatively stable compared with HK\$41,632,345 of the last financial year.

The total programme expense was HK\$28,308,479, an increment of 35% or HK\$7,269,477 from the last financial year. The incremental programme expense was mainly attributed to the establishment of a new central food storage and processing centre (representing close to half of the year-on-year increment), expansion of our overall food assistance efforts (representing over 30% of the year-on-year increment), and additional costs including the development costs of a new experience centre dedicated to educating the younger generation on food preservation and caring for the needy in Hong Kong. The administration expense was HK\$2,014,456, a rise of 13% or HK\$224,856 from the last financial year.

Depreciation of property, plant and equipment was HK\$2,783,670, an increase by 15% or HK\$367,642 from the last financial year.

## **Responsibility, Accountability and Management of capital**

The Foundation's Board of Directors ("the Board"), comprising chiefs in the finance, legal, public affairs and social service sectors, is in place and responsible for formulating and revising vision and missions of the Foundation from time to time. The Board also oversees strategic directions, financial performance and management of capital and risks of the Foundation and approves key initiatives proposed by the Directors.

Our board members are leaders and subject matter experts who bring in new expertise and propel the healthy growth of the organization.

The Foundation complies with section 88 of the Inland Revenue Ordinance on Charitable Institution.

## **Risks and Uncertainties**

In the changing and sometimes challenging financial climate, a steady inflow of donation is critical in the provision of uninterrupted service to our existing beneficiaries.

Currently, with the continued support of funders, foundations and the HK community, we have been able to maintain a stable income to sustain our long-term commitment.

The Foundation is funded by donations, we do not identify any liquidity issues.

## **Compliance with Best Practice & Rules**

The Foundation received funding donations from public / private organizations to assist in supporting various programmes and services of the Foundation. In relation to such funding support, our spending, payment approval, financial reporting and disclosure are reviewed on a regular basis. This supports the Foundation to closely monitor and enhance its internal control practices.

## **Subsequent Event**

There is no important event affecting the Foundation that has occurred since the end of the financial year.

## **Upcoming Key Development**

To further enhance our efforts on inspiring and educating the younger generation in Hong Kong on the importance of food waste reduction, natural resource preservation and caring for the needy community, one of the key initiatives is to developing a new Experience Centre. Targeted at school students primarily, the new Experience Centre will offer participants with unique hands-on experiences on cherishing food and the Earth's valuable resources as well as on caring for the needy in our society. This new Experience Centre has been successfully launched in mid-2017.

## **Fund**

Details of the movements in general fund, as described in note 11 to the financial statements, are set out in the statement of changes in fund. The movements in designated fund are set out in note 10 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  
Douglas Cheung Tak So  
Joseph Luc Ngai (appointed on 18 February 2017)  
Rex Pak-Kuen AuYeung (appointed on 18 February 2017)

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.

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.


## Directors' interests in transactions, arrangements or contracts

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,

31 OCT 2017



# Independent auditor's report to the members of Bo Charity Foundation Limited

*(Incorporated in Hong Kong and limited by guarantee)*

## **Opinion**

We have audited the financial statements of Bo Charity Foundation Limited ("the Foundation") set out on pages 8 to 25, which comprise the statement of financial position as at 31 March 2017, the statement of profit or loss and other comprehensive income, the statement of changes in fund 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 Foundation as at 31 March 2017 and of its financial performance and its cash flows for the year then ended in accordance with the 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 Foundation 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 directors are 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 Bo Charity Foundation Limited (continued)

*(Incorporated in Hong Kong and limited by guarantee)*

## **Responsibilities of the directors for the financial statements**

The directors are 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 directors determine 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 directors are responsible for assessing the Foundation'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 directors either intend to liquidate the Foundation or to cease operations, or have 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.



## Independent auditor's report to the members of Bo Charity Foundation Limited (continued)

*(Incorporated in Hong Kong and limited by guarantee)*

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

- 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Foundation'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 Foundation 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 directors 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

**31 OCT 2017**



## Statement of profit or loss and other comprehensive income for the year ended 31 March 2017

(Expressed in Hong Kong dollars)

	Note	2017	2016
<b>Income</b>			
General donation	2	\$ 24,758,103	\$ 26,045,082
Designated donation		16,870,899	15,587,263
Other income		94,838	53
		<u>\$ 41,723,840</u>	<u>\$ 41,632,398</u>
<b>Expenditure</b>			
Program expenses	3(a)	\$ 28,308,479	\$ 21,039,002
Donation campaign expenses		1,544,675	1,262,163
Administrative expenses		2,014,456	1,789,600
		<u>\$ 31,867,610</u>	<u>\$ 24,090,765</u>
<b>Surplus and total comprehensive income for the year</b>	3	<u>\$ 9,856,230</u>	<u>\$ 17,541,633</u>

The notes on pages 12 to 25 form part of these financial statements.

## Statement of financial position at 31 March 2017

(Expressed in Hong Kong dollars)

	Note	2017	2016
<b>Non-current assets</b>			
Property, plant and equipment	6	\$ 7,515,543	\$ 6,149,657
<b>Current assets</b>			
Other receivables, prepayments and deposits	7	\$ 9,515,310	\$ 9,929,501
Cash and cash equivalents	8	33,111,848	20,137,175
		<u>\$ 42,627,158</u>	<u>\$ 30,066,676</u>
<b>Current liabilities</b>			
Creditors and accruals	9	\$ 1,002,651	\$ 1,001,562
Unearned income	10	8,521,672	4,452,623
		<u>\$ 9,524,323</u>	<u>\$ 5,454,185</u>
<b>Net current assets</b>		<u>\$ 33,102,835</u>	<u>\$ 24,612,491</u>
<b>NET ASSETS</b>		<u>\$ 40,618,378</u>	<u>\$ 30,762,148</u>
<b>Fund</b>			
General fund	11	<u>\$ 40,618,378</u>	<u>\$ 30,762,148</u>

Approved and authorised for issue by the board of directors on **31 OCT 2017**



 )  
 ) Directors  
 )  
 Wai Man Leung      Kenny Oi Kan Yiu

The notes on pages 12 to 25 form part of these financial statements.

**Statement of changes in fund  
for the year ended 31 March 2017**  
(Expressed in Hong Kong dollars)

	<i>General fund</i>
<b>Balance at 1 April 2015</b>	\$ 13,220,515
Surplus and total comprehensive income for the year	<u>17,541,633</u>
<b>Balance at 31 March 2016 and 1 April 2016</b>	\$ 30,762,148
Surplus and total comprehensive income for the year	<u>9,856,230</u>
<b>Balance at 31 March 2017</b>	<u><u>\$ 40,618,378</u></u>

The notes on pages 12 to 25 form part of these financial statements.

**Cash flow statement**  
**for the year ended 31 March 2017**  
*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<i>2017</i>	<i>2016</i>
<b>Operating activities</b>			
Cash generated from operations	8(b)	<u>\$ 17,124,039</u>	<u>\$ 17,931,668</u>
<b>Net cash generated from operating activities</b>		<u>\$ 17,124,039</u>	<u>\$ 17,931,668</u>
<b>Investing activities</b>			
Bank interest received		\$ 190	\$ 53
Payment for the purchase of property, plant and equipment		<u>(4,149,556)</u>	<u>(263,750)</u>
<b>Net cash used in investing activities</b>		<u>\$ (4,149,366)</u>	<u>\$ (263,697)</u>
<b>Net increase in cash and cash equivalents</b>		\$ 12,974,673	\$ 17,667,971
<b>Cash and cash equivalents at the beginning of the year</b>		<u>20,137,175</u>	<u>2,469,204</u>
<b>Cash and cash equivalents at the end of the year</b>	8(a)	<u>\$ 33,111,848</u>	<u>\$ 20,137,175</u>

The notes on pages 12 to 25 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"), 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.

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. None of these developments have had material effect on how the Foundation's results and financial position for current or prior periods have been prepared or presented.

The Foundation has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### (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	3 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 conditions 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.



## 1 Significant accounting policies (continued)

### (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.

### (l) 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).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group'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.

## 2 General donation

	2017	2016
General donation from:		
- Public	\$ 16,057,166	\$ 16,713,572
- Donation campaign	5,611,881	5,955,021
- Programs	3,089,056	3,376,489
	<u>\$ 24,758,103</u>	<u>\$ 26,045,082</u>

## 3 Surplus and total comprehensive income for the year

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

	2017	2016
<b>(a) Program expenses<sup>#</sup></b>		
Food Angel Rescue & Assistance Program	\$ 23,835,796	\$ 17,028,368
Food Angel Community Center	1,582,733	1,478,301
Corporate Angel CSR Program & Green Angel Education Program	952,659	1,201,523
Experience Center	262,604	-
Other programs	1,674,687	1,330,810
	<u>\$ 28,308,479</u>	<u>\$ 21,039,002</u>
<b>(b) Staff costs</b>		
Contributions to defined contribution retirement plan	\$ 708,106	\$ 531,967
Salaries, wages and other benefits	15,389,648	10,757,047
	<u>\$ 16,097,754</u>	<u>\$ 11,289,014</u>
<b>(c) Other items</b>		
Auditor's remuneration	\$ -	\$ -
Depreciation	2,783,670	2,416,028
Logistics expenses	4,717,666	3,387,767
Operating lease charges in respect of property rentals	1,398,220	1,054,217
	<u>1,398,220</u>	<u>1,054,217</u>

### 3 Surplus and total comprehensive income for the year (continued)

- # Program expenses include \$22,917,379 (2016: \$16,572,122) relating to staff costs depreciation, logistic expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately in notes 3(b) and 3(c) for each of these types of expenses.
- \* Operating lease charges in respect of property rentals do not include \$139,500 (2016: \$77,500) relating to property rental paid by a director of the Foundation, which amount is also disclosed separately in note 16.

### 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 are as follows:

	2017		2016
Directors' fees	\$ Nil	\$	Nil
Salaries, allowances and benefits in kind	Nil		Nil
Discretionary bonuses	Nil		Nil
Retirement scheme contributions	Nil		Nil
	<u>                    </u>		<u>                    </u>

## 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 2015	\$ 5,792,044	\$ 3,591,428	\$ 13,993	\$ 700,702	\$ 10,098,167
Additions	-	237,750	26,000	-	263,750
At 31 March 2016	<u>\$ 5,792,044</u>	<u>\$ 3,829,178</u>	<u>\$ 39,993</u>	<u>\$ 700,702</u>	<u>\$ 10,361,917</u>
At 1 April 2016	\$ 5,792,044	\$ 3,829,178	\$ 39,993	\$ 700,702	\$ 10,361,917
Additions	3,224,078	906,889	18,589	-	4,149,556
At 31 March 2017	<u>\$ 9,016,122</u>	<u>\$ 4,736,067</u>	<u>\$ 58,582</u>	<u>\$ 700,702</u>	<u>\$ 14,511,473</u>
<b>Accumulated depreciation:</b>					
At 1 April 2015	\$ 668,275	\$ 868,689	\$ 5,248	\$ 254,020	\$ 1,796,232
Charge for the year	1,158,409	1,113,281	4,198	140,140	2,416,028
At 31 March 2016	<u>\$ 1,826,684</u>	<u>\$ 1,981,970</u>	<u>\$ 9,446</u>	<u>\$ 394,160</u>	<u>\$ 4,212,260</u>
At 1 April 2016	\$ 1,826,684	\$ 1,981,970	\$ 9,446	\$ 394,160	\$ 4,212,260
Charge for the year	1,329,893	1,297,740	15,897	140,140	2,783,670
At 31 March 2017	<u>\$ 3,156,577</u>	<u>\$ 3,279,710</u>	<u>\$ 25,343</u>	<u>\$ 534,300</u>	<u>\$ 6,995,930</u>
<b>Net book value:</b>					
At 31 March 2017	<u>\$ 5,859,545</u>	<u>\$ 1,456,357</u>	<u>\$ 33,239</u>	<u>\$ 166,402</u>	<u>\$ 7,515,543</u>
At 31 March 2016	<u>\$ 3,965,360</u>	<u>\$ 1,847,208</u>	<u>\$ 30,547</u>	<u>\$ 306,542</u>	<u>\$ 6,149,657</u>

## 7 Other receivables, prepayment and deposits

All of the other receivables, prepayment and deposits, except for deposits of \$817,646 (2016: \$382,300), are expected to be recovered or recognised as expense within one year.

**8 Cash at bank and in hand**

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

	2017	2016
Cash at bank and on hand	<u>\$ 33,111,848</u>	<u>\$ 20,137,175</u>

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

	Note	2017	2016
Surplus and total comprehensive income for the year		\$ 9,856,230	\$ 17,541,633
Adjustments for:			
Depreciation	3(c)	2,783,670	2,416,028
Bank interest income		(190)	(53)
Changes in working capital:			
Decrease/(increase) in other receivables, prepayments and deposits		414,191	(3,316,923)
Increase/(decrease) in creditors and accruals		1,089	(2,143,305)
Increase in unearned income		<u>4,069,049</u>	<u>3,434,288</u>
Cash generated from operations		<u>\$ 17,124,039</u>	<u>\$ 17,931,668</u>

**9 Creditors and accruals**

	2017	2016
Other payables and accruals	<u>\$ 1,002,651</u>	<u>\$ 1,001,562</u>

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

10 Unearned income

	Lee Hysan Foundation - Food Recycling Alliance Hong Kong Project	Hong Kong Jockey Club - Food Rescue & Assistance Program (Kowloon Kitchen)	The Community Chest of Hong Kong Food Rescue and Assistance Program & Green Angel Education	Hong Kong Airport Authority - Food Rescue & Assistance Program	Food Angel Community Center Sponsorship	Administration Cost Sponsorship	HSBC-Enabled the Disabled Kitchen Skill Hands-on	Environmental Campaign Committee - Love Food Hate Waste Program	Social Welfare Department - Food Angel S.H.A.R.E. Program	Wai Yin Association - Food Angel Sponsorship (Hong Kong Kitchen)	HSBC (The Hongkong Bank Foundation) - Experience Centre Program	Bank of China HK Charitable Foundation - Food Rescue Program (Food Station)	Standard Chartered Hong Kong Anniversary Community Foundation - Meal for Underprivileged	LINK Asset Management (Charity and Community Engagement Programme) - Food Rescue Program	Total
Balance at 1 April 2015	\$ -	\$ -	\$ 215,516	\$ 313,828	\$ -	\$ 489,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,018,335
Designated donation received or receivable during the year	1,631,034	7,726,812	3,107,920	515,468	4,108,972	200,000	132,300	461,136	750,000	1,077,100	-	-	-	-	19,710,742
Recognised as designated donation income during the year	(1,631,034)	(7,726,812)	(3,028,203)	(630,465)	(1,731,489)	-	(127,401)	(85,320)	(249,460)	(377,059)	-	-	-	-	(15,587,263)
Recognised as general donation income during the year (Note)	-	-	-	-	-	(688,191)	-	-	-	-	-	-	-	-	(688,191)
Balance at 31 March 2016 and 1 April 2016	\$ -	\$ -	\$ 295,233	\$ 198,611	\$ 2,377,483	\$ -	\$ 4,889	\$ 375,816	\$ 500,540	\$ 700,041	\$ -	\$ -	\$ -	\$ -	\$ 4,452,623
Designated donation received or receivable during the year	1,700,413	4,797,791	2,913,100	487,370	5,000,000	2,000,000	(4,899)	351,645	-	-	66,078	1,551,167	1,240,600	439,883	20,539,948
Recognised as designated donation income during the year	(1,663,228)	(4,797,791)	(3,208,019)	(685,981)	(743,979)	(2,000,000)	-	(727,461)	(473,342)	(325,806)	(66,078)	(1,329,170)	(344,068)	(373,829)	(16,870,899)
Balance at 31 March 2017	\$ 37,185	\$ -	\$ 314	\$ -	\$ 6,633,504	\$ -	\$ -	\$ -	\$ 27,198	\$ 374,235	\$ -	\$ 221,987	\$ 886,532	\$ 66,054	\$ 8,521,672

Unearned income represents designated donation received from sponsors for individual programs. Income is recognised in profit or loss when expenses under these programs are incurred.

Note: During the year ended 31 March 2016, the sponsors for Administration Cost Sponsorship agreed that the balance of \$689,191 can be used for any purposes at the discretion of the Foundation. Accordingly, the amount was recognised as general donation income during the year ended 31 March 2016.

**11 Fund**

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

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

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

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

	<i>Self supporting programs</i>	
	<i>2017</i>	<i>2016</i>
<b>Income</b>		
General donation	\$ 24,758,103	\$ 26,045,082
Other income	94,838	53
	<u>\$ 24,852,941</u>	<u>\$ 26,045,135</u>
<b>Expenditure</b>		
Program expenses	\$ 11,437,580	\$ 5,451,739
Donation campaign expenses	1,544,675	1,262,163
Administrative expenses	2,014,456	1,789,600
	<u>\$ 14,996,711</u>	<u>\$ 8,503,502</u>
<b>Surplus for the year</b>	<u>\$ 9,856,230</u>	<u>\$ 17,541,633</u>

**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 due within one year or repayable on demand and their carrying amounts approximate their contractual undiscounted cash flows at the end of the reporting period.

#### **(c) Fair value measurement**

All financial instruments of the Foundation are carried at amounts not materially different from their fair values as at 31 March 2017 and 2016.



## 15 Operating lease commitments

At 31 March 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017	2016
Within one year	\$ 1,530,000	\$ 941,000
After one year but within five years	4,200,000	264,000
	\$ 5,730,000	\$ 1,205,000

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

### (a) *Transactions with key management personnel*

All members of key management personnel are directors of the Foundation, and their remuneration is disclosed in note 5.

### (b) *Transactions with other related parties*

- (i) The Foundation received donations of \$3,005,000 (2016: \$1,506,220) from certain directors of the Foundation and their related companies.
- (ii) The Foundation paid a funder supported program activity service fee of \$50,000 (2016: Nil) to a company related to a director of the Foundation.
- (iii) A director of the Foundation paid office rental fees of \$139,500 (2016: \$77,500) for the Foundation.
- (iv) Rental fees of \$882,000 (2016: \$804,500) were paid by the Foundation to a company related to a family member of a director for three operation units and an office.
- (v) Free-of-charge (2016: Nil) rental was granted to the Foundation by a company related to a family member of a director for an operation unit.

**17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2017**

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these financial statements.

The Foundation is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Foundation has not identified any aspects of new standards which may have a significant impact on the financial statements. As the Foundation has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards. The Foundation does not intend to early adopt any of these amendments on new standards.