



Bo Charity Foundation Limited
(Limited by Guarantee)
小寶慈善基金有限公司

Financial Statements
Year ended 31 March 2021

Directors' Report

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2021.

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

Since registered in 2009 as a charitable Foundation, Bo Charity Foundation Limited ("the Foundation"), has been dedicated to conserving the environment and caring for the underprivileged community in Hong Kong.

The Foundation strives to accomplish its missions of reducing food waste and alleviating hunger and poverty in our society. This is achieved through our food rescue and food assistance programme, which is derived from a chain of operations from central kitchen to food processing centre, and a fleet for food collection and delivery. Public education and volunteering service also form a major part of our operation to promote our missions and provide avenues for wider community participation in this meaningful cause.

Our Work in the year ended 31 March 2021

1. Food Rescue & Food Assistance

The mission of the Foundation is "Waste Not, Hunger Not, With Love." We target to collect edible surplus food that would otherwise go to waste from different sectors of the food industry and turn them to nutritious meals for the people in need. We adopt strict safety protocols throughout our chain of operations, from preparation of meals in our central kitchens to delivering to the underserved and financially difficult people for them to have cooked meals for free.

In the current financial year, we rescued 1,284,464 kg of edible surplus food from the food industry in Hong Kong. We have produced 1,941,969 hot and cook-chilled meals and soups and 795,228 food packs to the needy community in Hong Kong. In addition to meals, 306,766 meal and supermarket coupons have been distributed for those in need, thanks to our donors for their generosity to make this much-needed alternative possible.

Business Review (continued)

In this unusual year under the challenge of the Covid-19 pandemic, we were greatly encouraged by the addition of Automatic Food Dispensers that were installed in targeted districts to provide a safe and timely access of cook-chilled meals for the needy families. In addition, a total of 924,259 pieces of hygiene items (masks and sanitizers) were also distributed to give them added protection from the disease.

Altogether, these meal boxes, soups, food packs and meal coupons were able to reach our service users through our Community Centre, Outreach team, Automatic Food Dispensers and about 200 of our charity partners during the year.

2. Community Service and Outreach Programme

During the year, we continued to operate a Community Centre at which we provided free meals to the deprived elderly as well as low-income families in Sham Shui Po district. Meals were also served to the elderly in need via five community canteens in collaboration with school charity partners. In addition, our Outreach teams delivered nutritious meal boxes and food packs to vulnerable and frail elderly. Dine-in service at the height of the COVID-19 pandemic was suspended. Instead, food packs, meal coupons and cook-chilled food items were offered to our service users.

3. Education

We run a variety of educational activities throughout the year to advocate the virtue of cherishing food and caring for the community. During the year, under the threat of the COVID-19 pandemic, all schools in Hong Kong suspended face-to-face teaching activities and were required to study at home through various modes of online learning. Our Education Team developed different sets of on-line education material including videos, presentations and workshops to communicate messages about the issues of food waste, hunger, poverty and elderly care in our society. In the current financial year, our Education Teams also delivered on-line talks to about 12,000 students.

Financial Performance for the year ended 31 March 2021

Total income amounted to HK\$95,480,069, representing an increase of 34% from the previous financial year. This was driven by the increase in designated donations as well as general donations derived from the public who pledged their support to the needy hard hit by the pandemic.

Total programme expense was HK\$62,740,910, which was 19% higher than the previous financial year. This was primarily driven by the continued growth in our food rescue and food assistance efforts as well as expenditures on special assistance initiatives in coping with COVID-19. Administrative expense was HK\$3,244,715, which rose by 15% or HK\$413,753 compared with the previous financial year due to additional programmes and services offered. Total Administrative expense represented around 5% of our Total Expenditure for the financial year.

Reserve and Surplus Funds

The Foundation is aware of the critical need to maintain adequate reserves in the face of economic uncertainty in our society and the need to ensure uninterrupted food assistance services to the underprivileged community in Hong Kong. Starting from the current financial year, the Foundation has thus set up a contingency reserve targeted to maintain this service continuity. In addition, a development fund has also been set aside to support new social service projects and activities or developments of the Foundation's operations and capital projects to meet the evolving needs of the underserved and underprivileged.

Potential Risks

In a fast-changing and often-times challenging financial climate that we have faced in recent years, we realized that a steady inflow of donation is critical to our operation in order to maintain the lowest possible interruption to our service and the people we serve.

Currently, with the continued support of funders, foundations and the wider community, we have been able to maintain a stable income to fund our services. Nonetheless, we are always on alert to any risks to donors' support as a result of a volatile economic environment. It is thus crucial to maintain adequate reserves for operational purposes and to sustain our long-term commitment.

Upcoming Key Developments

Food Angel not only provides assistance to meet the growing demand of the community for free and safe food for the underprivileged, but is itself a solution to the problem of a mounting volume of edible surplus food that would otherwise go wasted if not sold or consumed at store. We shall continue to look for opportunities to streamline our operation and enhance our capability to meet such needs. A new food rescue smart system programme will be launched in 4Q 2021 to further enhance our food rescue channels. This programme will also enhance the public awareness and participation in reducing food waste while helping to meet the food assistance needs within the community.

Responsibility and Accountability

The Foundation's Board of Directors ("the Board"), comprising chiefs in the finance, legal and public affairs sectors, is in place and responsible for formulating and revising visions and missions of the Foundation from time to time. The Board also oversees strategic directions, financial performance, 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 Foundation.

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

Directors

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

Kam Chung Leung
Alice Oi Lai Tung
Rex Pak-Kuen AuYeung
Ming Git Cheng
Kitty Kit Hing Ip
Joseph Luc Ngai
Douglas Cheung Tak So
Kenny Oi Kan Yiu
Vanessa Tih Lin Cheung (appointed on 6 December 2021)

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

Save as disclosed in note 17 to the financial statements, no other 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, 20 DEC 2021



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 32, which comprise the statement of financial position as at 31 March 2021, the statement of profit or loss and other comprehensive income, the statement of changes in reserves 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 2021 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 ("HKSAAs") 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

20 DEC 2021

Statement of profit or loss and other comprehensive income for the year ended 31 March 2021

(Expressed in Hong Kong dollars)

	Note	2021	2020
Income			
General donation	2	\$ 46,658,734	\$ 30,429,666
Designated donation		48,137,680	39,129,085
Green education		(773)	1,047,291
Other income		684,428	905,210
		<u>\$ 95,480,069</u>	<u>\$ 71,511,252</u>
Other net loss	3	<u>\$ (9,256)</u>	<u>\$ (338,353)</u>
Expenditure			
Program expenses	4(a)	\$ 62,740,910	\$ 52,904,793
Donation campaign expenses		338,021	369,471
Administrative expenses		3,244,715	2,830,962
Finance cost	4(b)	186,438	221,711
		<u>\$ 66,510,084</u>	<u>\$ 56,326,937</u>
Surplus and total comprehensive income for the year	4	<u>\$ 28,960,729</u>	<u>\$ 14,845,962</u>

The notes on pages 13 to 32 form part of these financial statements.

Statement of financial position at 31 March 2021

(Expressed in Hong Kong dollars)

	Note	2021	2020
Non-current asset			
Property, plant and equipment	7	<u>\$ 16,252,823</u>	<u>\$ 14,396,693</u>
Current assets			
Other receivables, prepayments and deposits	8	\$ 28,080,948	\$ 27,447,996
Cash and cash equivalents	9	<u>110,895,887</u>	<u>72,025,244</u>
		<u>\$138,976,835</u>	<u>\$ 99,473,240</u>
Current liabilities			
Creditors and accruals	10	\$ 3,426,420	\$ 3,333,970
Unearned income	11	24,759,534	18,057,693
Lease liabilities	12	<u>3,560,159</u>	<u>3,029,773</u>
		<u>\$ 31,746,113</u>	<u>\$ 24,421,436</u>
Net current assets		<u>\$107,230,722</u>	<u>\$ 75,051,804</u>
Total assets less current liabilities		<u>\$123,483,545</u>	<u>\$ 89,448,497</u>
Non-current liability			
Lease liabilities	12	<u>\$ 6,130,935</u>	<u>\$ 1,056,616</u>
NET ASSETS		<u>\$117,352,610</u>	<u>\$ 88,391,881</u>

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

	<i>Contingency reserve (note 13(b)(i))</i>	<i>Development reserve (note 13(b)(ii))</i>	<i>General fund (note 13(b)(iii))</i>	<i>Total</i>
Balance at 31 March 2019	\$ -	\$ -	\$ 73,545,919	\$ 73,545,919
Surplus and total comprehensive income for the year	-	-	14,845,962	14,845,962
Balance at 31 March 2020 and 1 April 2020	\$ -	\$ -	\$ 88,391,881	\$ 88,391,881
Transfer to contingency reserve	41,000,000	-	(41,000,000)	-
Transfer to development reserve	-	53,000,000	(53,000,000)	-
Surplus and total comprehensive income for the year	-	-	28,960,729	28,960,729
Balance at 31 March 2021	\$ 41,000,000	\$ 53,000,000	\$ 23,352,610	\$ 117,352,610

The notes on pages 13 to 32 form part of these financial statements.

Cash flow statement for the year ended 31 March 2021

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2021</i>	<i>2020</i>
Operating activities			
Cash generated from operations	9(b)	<u>\$ 42,949,214</u>	<u>\$ 15,454,514</u>
Net cash generated from operating activities		<u><u>\$ 42,949,214</u></u>	<u><u>\$ 15,454,514</u></u>
Investing activities			
Bank interest received		\$ 267,928	\$ 820,602
Proceeds from disposal of property, plant and equipment		-	7,500
Decrease in deposits with banks with maturity more than three months when placed		-	40,105,857
Payment for the purchase of property, plant and equipment		<u>(614,435)</u>	<u>(2,706,965)</u>
Net cash (used in)/generated from investing activities		<u><u>\$ (346,507)</u></u>	<u><u>\$ 38,226,994</u></u>
Financing activities			
Capital element of lease rentals paid	9(c)	\$ (3,545,626)	\$ (3,722,001)
Interest element of lease rentals paid	9(c)	<u>(186,438)</u>	<u>(221,711)</u>
Net cash used in financing activities		<u><u>\$ (3,732,064)</u></u>	<u><u>\$ (3,943,712)</u></u>
Net increase in cash and cash equivalents		\$ 38,870,643	\$ 49,737,796
Cash and cash equivalents at the beginning of the year		<u>72,025,244</u>	<u>22,287,448</u>
Cash and cash equivalents at the end of the year	9(a)	<u><u>\$110,895,887</u></u>	<u><u>\$ 72,025,244</u></u>

The notes on pages 13 to 32 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. Significant accounting policies adopted by the Foundation is set out 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 Foundation. Note 1(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 Foundation 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 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.

(c) Changes in accounting policies

The Foundation has applied the amendment to HKFRS 16, *Covid-19-Related Rent Concessions* issued by the HKICPA to these financial statements for the current accounting period. Other than the amendment to HKFRS 16, the Foundation has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1 Significant accounting policies (continued)

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Foundation has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Foundation during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 7(a)). There is no impact on the opening balance of equity at 1 April 2020.

(d) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 1(e)), 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:

- Properties leased for own use	Over the lease term
- Leasehold improvement	Over the lease term or 5 years
- Fixtures and kitchen equipment	3 to 4 years
- Office equipment	3 to 4 years
- Motor vehicles	5 years

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

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

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

1 Significant accounting policies (continued)

(e) Leased assets

At inception of a contract, the Foundation 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.

(i) As a lessee

At the lease commencement date, the Foundation 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 which, for the Foundation, are primarily automatic food dispensers. When the Foundation enters into a lease in respect of a low-value asset, the Foundation decides whether to capitalise the lease on a lease-by-lease basis. 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.

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 and impairment losses.

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 Foundation'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 Foundation 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 lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Foundation took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

1 Significant accounting policies (continued)

In the statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(f) *Receivables*

A receivable is recognised when the Foundation 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. If revenue has been recognised before the Foundation has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

The loss allowance 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 Foundation’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.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The Foundation 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 Foundation 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.

(g) *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.

(h) *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.

1 Significant accounting policies (continued)

(i) 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.

(j) Provisions and contingent liabilities

Provisions are recognised 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.

(k) Revenue and other income

Income is classified by the Foundation as revenue when it arises from the receipt of donation in the ordinary course of the Foundation's business.

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

(i) General donation and Green education

General donation and Green education income ("Green education") are recognised when the Foundation becomes entitled to the donations, which is generally upon receipt of cash. Green education are a range of educational programmes, which aim to arouse the public awareness of cherishing food and caring for the community.

(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 fulfilment 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 under 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.

1 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 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.

(m) 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.

1 Significant accounting policies (continued)

(n) Government subsidies

Government subsidies are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Foundation will comply with the conditions attaching to them. Subsidies that compensate the Foundation for expenses incurred are recognised as deduction of expenses in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

2 General donation

	2021	2020
General donation from:		
- Public	\$ 30,878,393	\$ 21,671,519
- Donation campaign	14,189,713	5,323,323
- Programs	1,590,628	3,434,824
	\$ 46,658,734	\$ 30,429,666

3 Other net loss

	2021	2020
Loss on disposal of property, plant and equipment	\$ (9,256)	\$ (338,353)

4 Surplus and total comprehensive income for the year

Surplus and total comprehensive income for the year is arrived at after charging/(crediting):

	2021	2020
(a) Program expenses[#]		
Food Angel Food Rescue & Assistance Program	\$ 44,948,218	\$ 40,166,458
Food Angel Community Service	14,869,262	9,118,133
Corporate Angel CSR Program	530,553	752,888
Green Angel Education Program and Experience Centre	2,352,792	2,691,127
Other programs	40,085	176,187
	\$ 62,740,910	\$ 52,904,793
(b) Finance cost		
Interest on lease liabilities (note 9(c))	\$ 186,438	\$ 221,711

4 Surplus and total comprehensive income for the year (continued)

	2021	2020
(c) Staff costs		
Contributions to defined contribution retirement plan	\$ 1,374,843	\$ 1,279,972
Salaries, wages and other benefits (note (i))	24,795,948	27,808,601
	\$ 26,170,791	\$ 29,088,573

- (i) During the year ended 31 March 2021, the Foundation successfully applied for funding support of \$5,341,473 from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the subsidy, the Foundation is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

	2021	2020
(d) Other items		
Auditor's remuneration	\$ -	\$ -
Depreciation charge (note 7)		
- owned plant and equipment	4,020,430	4,360,893
- right-of-use assets	3,998,950	3,629,721
	\$ 8,019,380	\$ 7,990,614
Logistics expenses	\$ 8,187,694	\$ 7,121,492
Interest income	(267,928)	(820,602)

Program expenses include \$40,133,721(2020: \$41,765,352) 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 4(c) and 4(d) for each of these types of expenses.

5 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.

6 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:

		2021		2020
Directors' fees	\$	Nil	\$	Nil
Salaries, allowances and benefits in kind		Nil		Nil
Discretionary bonuses		Nil		Nil
Retirement scheme contributions		Nil		Nil

7 Property, plant and equipment

	<i>Leasehold improvement</i>	<i>Fixtures and kitchen equipment</i>	<i>Office equipment</i>	<i>Motor vehicles</i>	<i>Properties leased for own use</i>	<i>Total</i>
Cost:						
At 1 April 2019	\$ 16,048,434	\$ 8,186,989	\$ 181,802	\$ 1,315,306	\$ 6,607,485	\$ 32,340,016
Additions	220,110	1,692,188	146,300	648,367	1,200,905	3,907,870
Disposals	(7,500)	(424,226)	-	-	-	(431,726)
At 31 March 2020 and 1 April 2021	\$ 16,261,044	\$ 9,454,951	\$ 328,102	\$ 1,963,673	\$ 7,808,390	\$ 35,816,160
Additions	55,900	483,295	75,240	-	9,270,331	9,884,766
Disposals	-	(16,829)	-	-	-	(16,829)
At 31 March 2021	<u>\$ 16,316,944</u>	<u>\$ 9,921,417</u>	<u>\$ 403,342</u>	<u>\$ 1,963,673</u>	<u>\$ 17,078,721</u>	<u>\$ 45,684,097</u>
Accumulated depreciation:						
At 1 April 2019	\$ 7,884,330	\$ 4,701,383	\$ 97,190	\$ 831,823	\$ -	\$ 13,514,726
Charge for the year	2,685,138	1,434,917	74,693	166,145	3,629,721	7,990,614
Written back on disposals	-	(85,873)	-	-	-	(85,873)
At 31 March and 1 April 2020	\$ 10,569,468	\$ 6,050,427	\$ 171,883	\$ 997,968	\$ 3,629,721	\$ 21,419,467
Charge for the year	2,099,893	1,570,132	97,811	252,594	3,998,950	8,019,380
Written back on disposals	-	(7,573)	-	-	-	(7,573)
At 31 March 2021	<u>\$ 12,669,361</u>	<u>\$ 7,612,986</u>	<u>\$ 269,694</u>	<u>\$ 1,250,562</u>	<u>\$ 7,628,671</u>	<u>\$ 29,431,274</u>
Net book value:						
At 31 March 2021	<u>\$ 3,647,583</u>	<u>\$ 2,308,431</u>	<u>\$ 133,648</u>	<u>\$ 713,111</u>	<u>\$ 9,450,050</u>	<u>\$ 16,252,823</u>
At 31 March 2020	<u>\$ 5,691,576</u>	<u>\$ 3,404,524</u>	<u>\$ 156,219</u>	<u>\$ 965,705</u>	<u>\$ 4,178,669</u>	<u>\$ 14,396,693</u>

7 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:

	2021	2020
Properties leased for own use, carried at depreciated cost	\$ 9,450,050	\$ 4,178,669

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

	2021	2020
Depreciation charge of properties leased for own use	\$ 3,998,950	\$ 3,629,721
Interest on lease liabilities (note 4(b))	186,438	221,711
COVID-19-related rent concessions received	(120,000)	-

During the year, additions to right-of-use assets were \$9,270,331. This amount primarily related to the capitalised lease payments payable under both new and renewed tenancy agreements.

Details of cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 9(d) and 12 respectively.

As disclosed in note 1(c), the Foundation has early adopted the Amendment to HKFRS 16, *Leases, Covid-19-Related Rent Concessions*, and applies the practical expedient introduced by the Amendment to all eligible rent concessions received by the Foundation during the period. Further details are disclosed below.

Properties leased for own use

The Foundation has obtained the right to use certain properties as its kitchens, warehouses, education centre and office through tenancy agreements, which typically run for an initial period of 2 to 4 years.

During the year, the Foundation received \$120,000 rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19.

8 Other receivables, prepayments and deposits

All of the other receivables, prepayment and deposits, except for deposits of \$1,130,240 (2020: \$1,271,895), are expected to be recovered or recognised as expense within one year.

9 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	2021	2020
Cash at banks and on hand	\$ 27,797,707	\$ 26,927,064
Deposits with banks and other financial institutions maturity within three months when placed	<u>83,098,180</u>	<u>45,098,180</u>
Cash and cash equivalents in the statement of financial position and the cash flow statement	<u>\$110,895,887</u>	<u>\$ 72,025,244</u>

(b) Reconciliation of surplus for the year to cash generated from operations:

	Note	2021	2020
Surplus for the year		\$ 28,960,729	\$ 14,845,962
Adjustments for:			
Depreciation	4(d)	8,019,380	7,990,614
Loss on disposal of property, plant and equipment	3	9,256	338,353
Bank interest income	4(d)	(267,928)	(820,602)
Finance cost	4(b)	186,438	221,711
COVID-19-related rent concessions received	7(a)	(120,000)	-
Changes in working capital:			
Increase in other receivables, prepayments and deposits		(632,952)	(5,415,687)
Increase/(decrease) in creditors and accruals		92,450	(102,489)
Increase/(decrease) in unearned income		<u>6,701,841</u>	<u>(1,603,348)</u>
Cash generated from operations		<u>\$ 42,949,214</u>	<u>\$ 15,454,514</u>

9 Cash and cash equivalents (continued)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Foundation'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</i> (Note 12)
At 1 April 2019	\$ 6,607,485
Changes from financing cash flows:	
Capital element of lease rentals paid	\$ (3,722,001)
Interest element of lease rentals paid	(221,711)
	\$ (3,943,712)
Total changes from financing cash flows	\$ (3,943,712)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	\$ 1,200,905
Interest expenses (note 4(b))	221,711
	\$ 1,422,616
Total other changes	\$ 1,422,616
At 31 March 2020 and 1 April 2020	\$ 4,086,389
Changes from financing cash flows:	
Capital element of lease rentals paid	\$ (3,545,626)
Interest element of lease rentals paid	(186,438)
	\$ (3,732,064)
Total changes from financing cash flows	\$ (3,732,064)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	\$ 9,270,331
COVID-19-related rent concessions received (note 7(a))	(120,000)
Interest expenses (note 4(b))	186,438
	\$ 9,336,769
Total other changes	\$ 9,336,769
At 31 March 2021	\$ 9,691,094

9 Cash and cash equivalents (continued)

(d) Total cash outflow for leases

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

	2021	2020
Within financing cash flows	<u>\$ 3,732,064</u>	<u>\$ 3,943,712</u>

10 Creditors and accruals

All of the creditors and accruals, except for reinstatement cost of \$2,749,000 (2020: \$2,749,000), are expected to be settled within one year or are repayable on demand.

11 Unearned income

	Hong Kong Jockey Club - Food Rescue & Assistance Program (Kowloon Kitchen)	The Community Chest of Hong Kong Food Angel Food Rescue and Assistance & Green Angel Education	Food Angel Community Center Sponsorship	HSBC (The Hong Kong Bank Foundation) - Experience Centre Program	Bank of China HK Charitable Foundation - Food Rescue Program (Food Station) & Food Sharing (Mobile Trucks) Program	Standard Chartered Hong Kong 150th Anniversary Community Foundation - Meal for Underprivileged Program	LINK Asset Management Ltd (Charity and Community Engagement Programme) - Food Rescue Program	St. James Settlement - FOOD-CO Program	Chow Tai Fook Jewellery Community Outreach Programme	HSBC (The Hong Kong Bank Foundation) - Integrated Food Assistance & Community Care Program	SF (MNT) Fund - Hong Kong Kitchen Program	Environmental Campaign Committee - Food Rescue and Education Workshop Program	Environmental Campaign Committee - Food Rescue Action Program	Li Ka Shing Foundation
Balance at 1 April 2019	\$ -	\$ 34,654	\$ 4,972,690	\$ 1,388,685	\$ 321,926	\$ 1,480,434	\$ 135,935	\$ 214,896	\$ 427,977	\$ 7,859,774	\$ -	\$ -	\$ 324,080	\$ 2,500,000
Designated donation received or receivable during the year	6,002,933	3,183,400	-	450,000	4,809,538	-	3,491,902	287,600	1,188,324	6,063,464	2,803,072	631,545	1,249,771	2,500,000
Recognised as designated donation income during the year	(6,002,933)	(3,183,400)	(1,309,442)	(889,919)	(2,190,714)	(1,480,434)	(3,627,737)	(29,794)	(831,342)	(12,161,393)	(2,115,553)	(631,545)	(1,573,851)	-
Balance at 31 March 2020 and 1 April 2020	\$ -	\$ 34,654	\$ 3,663,238	\$ 948,766	\$ 2,940,750	\$ -	\$ -	\$ 482,702	\$ 784,959	\$ 1,751,845	\$ 667,519	\$ -	\$ -	\$ 5,000,000
Designated donation received or receivable during the year	3,896,856	3,879,000	-	-	4,809,541	-	3,375,550	-	1,123,067	14,062,525	3,024,000	-	626,708	2,500,000
Recognised as designated donation income during the year	(3,896,856)	(3,015,494)	(1,015,285)	(497,185)	(4,367,937)	-	(3,375,550)	-	(660,080)	(14,458,878)	(1,614,261)	-	(626,708)	-
Balance at 31 March 2021	\$ -	\$ 898,160	\$ 2,647,953	\$ 451,581	\$ 3,382,354	\$ -	\$ -	\$ 482,702	\$ 1,247,946	\$ 1,355,492	\$ 2,097,238	\$ -	\$ -	\$ 7,500,000

11 Unearned income (continued)

	Environmental Campaign Committee - Food Angel, Food Rescue and Sharing Action	Environmental Campaign Committee - Food Angel, City Food Rescue Program	Funding Support for families in need	Lee Hysan Foundation - Coronavirus Outbreak Food Assistance for the Needy	International Foundation - Coronavirus Outbreak Food Assistance Contingency Plan	Sir Horace Kadoorie Foundation - Coronavirus Outbreak Food Assistance Contingency Plan	HSBC (The Hong Kong Bank Foundation) - Anti-pandemic Support for the Needy Community in HK Program	Environmental Campaign Committee - Food Angel, Food Rescue and Education Workshop	Environmental Campaign Committee - Food Angel, Food Rescue and Sharing Action	Environmental Campaign Committee - Food Angel, Food Rescue and Sharing Action	Hong Kong Jockey Club - Pandemic Recovery Through Food Assistance Vending Machine Program	SF(MNT) Fund - Food Bags Program	Huayu Charitable Trust - Community Outreach Programme	Chen Yidan Foundation Ltd - Underprivileged Families with Food Assistance & Care Program	Ronald & Rita McAulay Foundation - Expansion of Rescued Food Storage Space Program	Total
Balance at 1 April 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,661,041
Designated donation received or receivable during the year	1,120,567	1,074,869	668,852	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	37,525,737
Recognised as designated donation income during the year	(1,120,567)	(309,629)	(668,852)	(1,000,000)	(1,960)	(1,960)	-	-	-	-	-	-	-	-	-	(39,129,085)
Balance at 31 March 2020 and 1 April 2020	\$ -	\$ 765,240	\$ -	\$ -	\$ 998,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,057,693
Designated donation received or receivable during the year	1,139,186	-	977,548	-	470,000	470,000	5,000,000	1,132,361	1,174,357	1,174,357	2,589,271	554,000	350,080	1,646,400	2,509,071	54,839,521
Recognised as designated donation income during the year	(1,139,186)	(399,540)	(523,514)	-	(1,468,020)	(1,468,020)	(5,000,000)	(1,132,361)	(1,174,357)	(1,174,357)	(2,589,271)	(22,581)	(175,458)	(598,357)	(386,741)	(48,137,680)
Balance at 31 March 2021	\$ -	\$ 365,700	\$ 454,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 531,419	\$ 174,622	\$ 1,046,003	\$ 2,122,330	\$ 24,759,534

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.

12 Lease liabilities

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

	31 March 2021	31 March 2020
Within 1 year	\$ 3,560,159	\$ 3,029,773
After 1 year but within 2 years	\$ 2,538,077	\$ 1,056,616
After 2 years but within 5 years	3,592,858	-
	<u>\$ 6,130,935</u>	<u>\$ 1,056,616</u>
	<u>\$ 9,691,094</u>	<u>\$ 4,086,389</u>

13 Reserves

(a) Components of the Foundation's reserves

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

(b) Nature and purpose of reserves

- (i) The Foundation is aware of the critical need to maintain adequate reserves in the face of economic uncertainty in the society and the need to ensure uninterrupted food assistance services to the underprivileged community in Hong Kong.

The purpose of the establishment of the contingency reserve is held for providing cushion for any unexpected downturns in donations and cope with unforeseeable circumstances posed by major external changes in the environment in future years.

- (ii) The purpose of the establishment of the development reserve is held for providing a source of funds to support the provision of new service projects, activities or developments of the Foundation's operations and capital projects to meet service needs of the underserved and underprivileged.
- (iii) General fund is used for the general operation and administration of the Foundation.

13 Reserves (continued)

	<i>Self supporting programs</i>	
	2021	2020
Income		
General donation	\$ 46,658,734	\$ 30,429,666
Green Education	(773)	1,047,291
Other income	684,428	905,210
Other net loss	(9,256)	(338,353)
	<u>\$ 47,333,133</u>	<u>\$ 32,043,814</u>
Expenditure		
Program expenses	\$ 14,603,230	\$ 13,775,708
Donation campaign expenses	338,021	369,471
Administrative expenses	3,244,715	2,830,962
Finance cost	186,438	221,711
	<u>\$ 18,372,404</u>	<u>\$ 17,197,852</u>
Surplus for the year	<u>\$ 28,960,729</u>	<u>\$ 14,845,962</u>

14 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.

15 Capital management

The Foundation's primary objectives when managing capital are to safeguard the Foundation's ability to continue as a going concern, support the Foundation's service stability and growth and to provide adequate funds for the purpose of achieving the Foundation's short to long-term objectives.

The Foundation defines "capital" as including the general fund, contingency reserve and development reserve maintained by the Foundation.

The Foundation's capital is regularly reviewed and managed. Adjustments are made to the capital structure in light of changes in the economic conditions affecting the Foundation, as well as the operation, funding structure and development plans of the Foundation to ensure effective use of funds and the sound financial status of 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.

16 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

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

The Foundation's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a sound credit rating, for which the Foundation considers to have low credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position. The Foundation does not provide any other guarantees which would expose the Foundation to credit risk.

(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.

The following table shows the remaining contractual maturities at the end of the reporting period of the Foundation's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Foundation can be required to pay.

	2021				Carrying amount at 31 March
	Within 1 year or on demand	<u>Contractual undiscounted cash outflows</u>			
		More than 1 year but within 2 years	More than 2 year but within 5 years	Total	
Creditors and accruals	\$ 3,426,420	\$ -	\$ -	\$ 3,426,420	\$ 3,426,420
Lease liabilities	3,791,919	2,682,000	3,675,000	10,148,919	9,691,094
	<u>\$ 7,218,339</u>	<u>\$ 2,682,000</u>	<u>\$ 3,675,000</u>	<u>\$ 13,575,339</u>	<u>\$ 13,117,514</u>

	2020				Carrying amount at 31 March
	Within 1 year or on demand	<u>Contractual undiscounted cash outflows</u>			
		More than 1 year but within 2 years		Total	
Creditors and accruals	\$ 3,333,970	\$ -		\$ 3,333,970	\$ 3,333,970
Lease liabilities	3,135,064	1,067,920		4,202,984	4,086,389
	<u>\$ 6,469,034</u>	<u>\$ 1,067,920</u>		<u>\$ 7,536,954</u>	<u>\$ 7,420,359</u>

16 Financial risk management and fair values (continued)

(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 2021 and 2020.

17 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 6.

(b) Transactions with other related parties

- (i) The Foundation received donations of \$2,154,850 (2020: \$1,053,852) from certain directors of the Foundation and their related companies.
- (ii) Free-of-charge rental was granted to the Foundation by a company related to a family member of a director for an operation unit during the years ended 31 March 2021 and 2020.
- (iii) In January 2021, the Foundation renewed a four-year lease in respect of certain leasehold properties with a company related to a family member of the same director (note (ii)) for three operation units and an office. The amount of rent payable by the Foundation under the lease is HK\$140,000 to HK\$150,000 per month.

	<i>Amount owed by the Foundation to a company related to a family member of a director</i>		<i>Related interest expense</i>	
	<i>As at 31 March</i>		<i>Year ended 31 March</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Lease liabilities due to a related party	<u>\$ 6,183,893</u>	<u>\$ 1,152,830</u>	<u>\$ 64,896</u>	<u>\$ 81,526</u>

18 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 developments include the following which may be relevant to the Foundation.

	<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 Foundation 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.