

HONG KONG FEDERATION OF THE BLIND
香港失明人互聯會

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

CHAN LUEN LUEN
CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)
HONG KONG

HONG KONG FEDERATION OF THE BLIND
香港失明人互聯會

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG FEDERATION OF THE BLIND
香港失明人互聯會

Report on the Audit of the Financial Statements

We have audited the financial statements of Hong Kong Federation of the Blind (the "Association") set out on pages 4 to 18 which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows 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 Association as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 Association 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.

Other Information

The Executive Committee Members are responsible for the other information. The other information comprises all information included in the Executive Committee Members' report, but does not include the financial statements and the 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 - CONTINUED

Responsibilities of Executive Committee Members and Those Charged with Governance for the Financial Statements

The Executive Committee Members 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 Executive Committee Members 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 Executive Committee Members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee Members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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. 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 judgment and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT - CONTINUED

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee Members.
- Conclude on the appropriateness of the Executive Committee Members' 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 Association'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 Association 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 those charged with governance 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.



Chan Luen Luen
Certified Public Accountant (Practising)
Hong Kong,
Date: 13 November 2018

HONG KONG FEDERATION OF THE BLIND
香港失明人互聯會

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Note	<u>2018</u> HK\$	<u>2017</u> HK\$
Revenue	5	4,962,084.35	5,629,196.48
Other revenue	6	31,243.20	24,604.78
Administrative expenses		(4,775,738.98)	(4,780,737.58)
Surplus for the year	7	<u>217,588.57</u>	<u>873,063.68</u>

HONG KONG FEDERATION OF THE BLIND

香港失明人互聯會

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	<u>Headquarters</u>	Shun Lee	<u>2018</u>	<u>2017</u>
			<u>Centre</u> HK\$	HK\$	HK\$
<u>Non-current assets</u>					
Office equipment	9	-	63,543.74	63,543.74	119,163.12
<u>Current assets</u>					
Accounts receivable	10	-	-	-	7,755.04
Utility deposit		-	2,000.00	2,000.00	2,000.00
Cash and cash equivalents	11	4,754,532.83	1,236,229.94	5,990,762.77	5,907,805.77
		4,754,532.83	1,238,229.94	5,992,762.77	5,917,560.81
<u>Current liabilities</u>					
Other payables		-	255,694.86	255,694.86	314,743.71
Receipts in advance		436,219.60	-	436,219.60	567,421.70
Accruals		-	-	-	7,755.04
		436,219.60	255,694.86	691,914.46	889,920.45
Net Current Assets		4,318,313.23	982,535.08	5,300,848.31	5,027,640.36
NET ASSETS		4,318,313.23	1,046,078.82	5,364,392.05	5,146,803.48

Represented by:

Agency Reserves

General fund	4,318,313.23	249,147.16	4,567,460.39	4,255,050.99
Non-current-asset fund	-	63,543.74	63,543.74	110,805.12
Social welfare reserve fund	-	733,387.92	733,387.92	780,947.37
	4,318,313.23	1,046,078.82	5,364,392.05	5,146,803.48

The financial statements on pages 4 to 18 were approved and authorised for issue by the Board of Executive Committee Members on 13 November 2018 and are signed on its behalf by:



Tang Kwong Po
Chairman

Leung Yat Ming
Treasurer

HONG KONG FEDERATION OF THE BLIND
香港失明人互聯會

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Social welfare reserve fund			Non-current asset fund			General fund		Total	
	Lump sum grant	Provident fund subvention	Reserve of central item	Sub-total	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
As at 1 April 2016										
Deficit absorbed by own resources										
Transfer										
- Depreciation charged	47,261.38	-	-	47,261.38	-	-	-	-	-	-
- Assets acquired	(32,381.90)	-	-	(32,381.90)	-	-	-	-	-	-
- Non-social welfare reserve fund	27,963.44	-	-	27,963.44	-	-	-	-	-	-
Opening adjustment as SWD letter dated 3 January 2016 under SWD SF/SA/4-65/(328)										
- 1 (i) (a) non-funding items 2013/2014	(96,004.32)	-	-	(96,004.32)	-	-	-	-	-	96,004.32
- 1 (i) (a) non-funding items 2014/2015	(287,175.56)	-	-	(287,175.56)	-	-	-	-	-	287,175.56
- 1 (i) (b) purchase of fixed assets 2013/2014	20,806.00	-	-	20,806.00	-	-	-	-	-	(20,806.00)
- 1 (i) (b) purchase of fixed assets 2014/2015	61,415.00	-	-	61,415.00	-	-	-	-	-	(61,415.00)
- 1 (i) (b) non-cash items 2013/2014	50,571.67	-	-	50,571.67	-	-	-	-	-	(50,571.67)
- 1 (i) (b) non-cash items 2014/2015	69,561.84	-	-	69,561.84	-	-	-	-	-	(69,561.84)
- 1 (i) (d) opening balance	86,297.00	-	86,297.00	-	-	-	-	-	-	-
- 1 (ii) PF subvention opening balance	-	2,076.00	-	2,076.00	-	-	-	-	-	(2,076.00)
As at 31 March 2017	398,221.56	238,628.71	144,097.10	780,947.37	110,805.12	4,255,050.99	-	-	-	5,146,803.48
Deficit absorbed by own resources										
Transfer										
- Depreciation charged	47,261.38	-	-	47,261.38	-	-	-	-	-	-
- Assets acquired	-	-	-	-	-	-	-	-	-	-
- Non-social welfare reserve fund	(271,164.23)	-	-	(271,164.23)	-	-	-	-	-	0.00
At 31 March 2018	488,320.99	247,875.33	(2,808.40)	733,387.92	63,543.74	4,567,460.39	-	-	-	5,364,392.05
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HONG KONG FEDERATION OF THE BLIND
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	<u>2018</u> HK\$	<u>2017</u> HK\$
OPERATING ACTIVITIES		
Surplus for the year	217,588.57	873,063.68
Adjustment for:		
Bank interest income	(30,643.20)	(22,954.78)
Depreciation	55,619.38	55,619.38
Operating surplus before movements in working capital	242,564.75	905,728.28
Decrease / (Increase) in accounts receivable	7,755.04	(7,755.04)
(Decrease) / Increase in other payables	(59,048.85)	56,827.46
Decrease in receipts in advance	(131,202.10)	(108,334.00)
Decrease in accruals	(7,755.04)	(1,744.96)
NET CASH FROM OPERATING ACTIVITIES	52,313.80	844,721.74
INVESTING ACTIVITIES		
Bank interest received	30,643.20	22,954.78
Purchase of furniture and equipment	-	(32,381.90)
NET CASH USED IN INVESTING ACTIVITIES	30,643.20	(9,427.12)
NET INCREASE IN CASH AND CASH EQUIVALENTS	 82,957.00	 835,294.62
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	 5,907,805.77	 5,072,511.15
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	 5,990,762.77	 5,907,805.77
Represented by:		
Bank balances	 5,990,762.77	 5,907,805.77

HONG KONG FEDERATION OF THE BLIND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Hong Kong Federation of the Blind ("the Association") is a society registered in accordance with the provision of section 5A(1) of the Societies Ordinance. The address of the registered office and principal place of operation of the Association are located at G/F., Shun Lee Estate Community Centre, No.2 Shun Chi Street, Kwun Tong, Kowloon.

The financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Association.

The principal activities of the Association are to encourage visually impaired people to fight for equal society.

2. Adoption of revised Hong Kong Reporting Standards

The Association's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKSAs) 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 significant accounting policies is set out in note 3.

The application of the new and revised HKFRSs has no material effects on the Association's financial performance and positions.

3. Significant accounting policies

Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance ("CO").

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the respective notes, if appropriate.

The principal accounting policies are set out below.

HONG KONG FEDERATION OF THE BLIND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. Significant accounting policies - continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Association fee received

Revenue from Association fee is recognised upon the admittance and registration of visually impaired people.

(ii) Government subvention

Government subvention is recognised on receivable basis.

(iii) Bank interest income

Bank interest income is recognised on a time proportion basis on the amount of outstanding deposits at the applicable interest rates.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (“MPF Scheme”) are recognised as an expense when employees have rendered service entitling them to the contributions.

Office equipment

Office equipment are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The costs of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Subsequent expenditure relating to office equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. If not, the expenditure is treated as an expense in the period in which it is incurred.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of office equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of office equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. Significant accounting policies - continued

Impairment losses on tangible assets

At the end of the reporting period, the Association reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell 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 asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

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. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are also included as a component of cash and cash equivalents for the purpose of statement of cash flows.

Accounts payable

Accounts payable are initially measured at fair value and, after initial recognition, at mortised cost, except for short-term payables with no stated interest rate and effect of discounting being immaterial, that are measured at their original invoice amount.

HONG KONG FEDERATION OF THE BLIND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

4. Critical accounting judgements and key sources of estimation uncertainty

The Association's Executive Committee Members makes assumptions, estimates and judgements in the process of applying the Association's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the Executive Committee Members reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

(a) Key assumption and other key sources of estimation uncertainty

Certain key assumptions and risk factors in respect of the financial risk management are set out in note 13. In the opinion of Executive Committee Members, there is no other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities with the financial year.

(b) Critical judgements in applying the Association's accounting policies

In the opinion of Executive Committee Members, there is no critical judgement in applying the Association's accounting policies.

5. Revenue

	<u>2018</u> HK\$	<u>2017</u> HK\$
Government subvention	2,388,952.00	2,328,487.00
Less: surplus repaid to S.W.D	(148,388.50)	(2,593.14)
	2,240,563.50	2,325,893.86
Lottery fund	36,000.00	34,000.00
Specific grants and donations	2,307,922.85	1,923,273.91
Community chest	325,300.00	315,800.00
Membership fee	12,402.00	14,471.00
Foundation fee income	196.00	272.00
Flag day income	-	906,205.71
Rental and rates	7,464.00	-
Activities income	32,236.00	109,280.00
	<hr/> 4,962,084.35	<hr/> 5,629,196.48

HONG KONG FEDERATION OF THE BLIND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

6. Other revenue

An analysis of the Association's other revenue is as follows:

	<u>2018</u> HK\$	<u>2017</u> HK\$
Bank interest income	30,643.20	22,954.78
Sundry income	600.00	1,650.00
	<u>31,243.20</u>	<u>24,604.78</u>

7. Surplus for the year

Surplus for the year is stated:

	<u>2018</u> HK\$	<u>2017</u> HK\$
After charging the following items:		
Auditor's remuneration	11,500.00	-
Depreciation	55,619.38	55,619.38
Government rent, rates and management fee	16,400.00	12,392.00
Staff cost		
- salaries and allowances	2,648,837.63	2,281,376.71
- provident fund contributions	160,627.30	157,738.75
- staff welfare	10,848.70	12,035.00
	<u>2,648,837.63</u>	<u>2,281,376.71</u>
	<u>160,627.30</u>	<u>157,738.75</u>
	<u>10,848.70</u>	<u>12,035.00</u>

8. Income tax expense

The Association is exemption from Hong Kong profits tax by reason of its charitable status under Section 88 Inland Revenue Ordinance.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

9. Office equipment

	<u>Headquarters</u> HK\$	<u>Shun Lee</u> <u>Centre</u> HK\$	<u>Total</u> HK\$
Cost			
At 1 April 2016	48,690.00	422,806.00	471,496.00
Addition during the year	-	32,381.90	32,381.90
	<hr/>	<hr/>	<hr/>
At 1 April 2017	48,690.00	455,187.90	503,877.90
Addition during the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2018	48,690.00	455,187.90	503,877.90
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 April 2016	31,974.00	297,121.40	329,095.40
Charge for the year	8,358.00	47,261.38	55,619.38
	<hr/>	<hr/>	<hr/>
At 1 April 2017	40,332.00	344,382.78	384,714.78
Charge for the year	8,358.00	47,261.38	55,619.38
	<hr/>	<hr/>	<hr/>
At 31 March 2018	48,690.00	391,644.16	440,334.16
	<hr/>	<hr/>	<hr/>
Carrying amounts			
At 31 March 2018	-	63,543.74	63,543.74
	<hr/>	<hr/>	<hr/>
At 31 March 2017	8,358.00	110,805.12	119,163.12
	<hr/>	<hr/>	<hr/>

The depreciation is calculated on straight line basis on an annual rate of 20%.

10. Accounts receivables

	<u>Headquarters</u> HK\$	<u>Shun Lee</u> <u>Centre</u> HK\$	<u>2018</u> HK\$	<u>2017</u> HK\$
Accounts receivables	-	-	-	7,755.04

HONG KONG FEDERATION OF THE BLIND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11. Cash and cash equivalents

	Headquarters	Shun Lee Centre HK\$	2018 HK\$	2017 HK\$
Cash and bank balances	1,487,867.38	1,236,229.94	2,724,097.32	2,671,009.79
Fixed deposits	3,266,665.45	-	3,266,665.45	3,236,075.98
	4,754,532.83	1,236,229.94	5,990,762.77	5,907,085.77

12. Flag day fund

		2018 HK\$	2017 HK\$
(a) Flag day balance			
Balance as at 1 April		958,637.10	611,672.61
Flag day income			
Others		-	302,573.00
Street collection		-	603,632.71
Total income (note 5)		-	906,205.71
Less: Flag day expenses (note b)		-	(51,441.66)
		-	854,764.05

HONG KONG FEDERATION OF THE BLIND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

12. Flag day fund - continued

	<u>2018</u> HK\$	<u>2017</u> HK\$
Usage of the donations collected		
Staff salaries	-	-
Mandatory provident fund	-	-
	-----	-----
Specific activities expenses:		
Capabilities development of the visually impaired (發展視障人士才能計劃)	11,300.00	44,434.00
Community education (拓展社區無障礙教育)	3,360.00	10,763.00
Talent development class of the visually impaired (發展視障人士潛能興趣班)	18,532.60	100,209.30
Development scheme for the family of disabled persons (拓展殘疾人士家庭服務)	204,420.75	117,277.64
Social and recreational activities for the visually impaired, build confidence and enhance the support network (為失明人士提供多元化的社交及康樂發展活動)	2,535.70	51,906.30
Employment support services (發展殘疾人士就業支援服務)	-	155,744.02
Life education for disability elderly (拓展殘疾長者生命教育服務)	1,255.20	27,465.30
	-----	-----
Total specific activities expenses	241,404.25	507,799.56
	-----	-----
Balance as at 31 March	241,404.25	507,799.56
	-----	-----
	717,232.85	958,637.10
	-----	-----
(b) Flag day expenses		
Advertising	-	-
Insurance	-	1,630.00
Printing and stationery	-	17,675.00
Professional fee	-	3,000.00
Purchase and cleaning of flag bags	-	17,800.00
Sundry	-	3,893.66
Transportation	-	7,443.00
	-----	-----
	-	51,441.66
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HONG KONG FEDERATION OF THE BLIND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

12. Flag day fund - continued

The unused balance of HK\$717,232.85 will be carried forward and be retained in the General Reserve of the Federation and included in the Federation's Hong Kong dollar bank savings account and fixed deposit as at 31 March 2018. In addition, the amount has been used for the family support for the blind families, employment support scheme for disabled persons, disabled elderly life education, community education and talent development class of the visually impaired since 31 March 2018.

13. Capital risk management

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

In order to maintain or adjust the capital structure, the Association may appeal for donations from the general public.

14. Financial instruments

(a) Categories of financial instruments

	<u>2018</u> HK\$	<u>2017</u> HK\$
Financial assets		
<u>Loan and receivables</u>		
Accounts receivable	-	7,755.04
Utility deposit	2,000.00	2,000.00
Cash and cash equivalent (note 11)	5,990,762.77	5,907,805.77
	<hr/> 5,992,762.77	<hr/> 5,917,560.81
Financial liabilities		
<u>Financial liabilities at amortised cost</u>		
Other payables	255,694.86	314,743.71
Receipts in advance	436,219.60	567,421.70
Accruals	-	7,755.04
	<hr/> 691,914.46	<hr/> 889,920.45

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2018.

HONG KONG FEDERATION OF THE BLIND
香港失明人互聯會

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

14. Financial instruments - continued

The Association is exposed to credit risk and liquidity risk arising in the normal course of its operations and financial instruments. The Association's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

(b) Financial risk management objectives and policies

The Association's major financial instruments include utility deposit, cash and cash equivalents and accounts payables. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments include: credit risk and liquidity risk.

The Executive Committee Members review and agree policies for managing each of these risks and are summarised below.

Credit risk

Credit risk is managed on an organisational basis. Credit risk arises mainly from cash at banks.

The Association's bank balances are deposited in reputable bank. As such, no significant credit risk is anticipated. The Association has policies in place for the control and monitoring of the relevant concentration of credit risk.

The Association's main sources of income are the subvention from Government and donations from other charitable institutions and general public. It has no other significant financial assets which lead to any credit risk to the Association. Accordingly, the Executive Committee Members are of the opinion that the relevant credit risk of the Association is low without any significant concentration.

The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statement of financial position.

Liquidity risk

Prudent liquidity risk management included maintaining sufficient cash and bank balances so as to enable the Association to meet its liabilities as and when they fall due and to continue operating for the foreseeable future. The Executive Committee Members are of the opinion that the Association does not have any significant liquidity risk.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

15. Social welfare development fund ("SWDF")

Phase 2

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance brought forward from previous year	331,847.97	324,086.50
Agency distribution in Scope B in 2016/2017	-	7,755.00
Add: Interest received in 2016/2017	-	6.47
 Balance carried forward to next year	 331,847.97	 331,847.97
	<u><u>331,847.97</u></u>	<u><u>331,847.97</u></u>

Phase 3

	<u>2018</u> HK\$	<u>2017</u> HK\$
Allocation from SWDF in 2017/2018	199,186.00	-
Add: Interest received in 2017/2018	8.44	-
Less: Expenditure under SWDF in 2017/2018	(11,544.00)	-
 Balance carried forward to next year	 187,650.44	 -
	<u><u>187,650.44</u></u>	<u><u>-</u></u>

16. Block grant reserve

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance brought forward from previous year	72.00	23,052.10
Add: Block grant received during the year	36,000.00	34,000.00
Less: Expenditure during the year	(23,676.10)	(56,980.10)
 Balance carried forward to next year	 12,395.90	 72.00
	<u><u>12,395.90</u></u>	<u><u>72.00</u></u>

At the reporting date, there are no outstanding commitments in respect of F&E Replenishment and Minor Works Grant.

HONG KONG FEDERATION OF THE BLIND
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(For management purpose only)

FSA SERVICES
DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2018

	<u>2018</u> HK\$	<u>2017</u> HK\$
REVENUE		
Government subvention	2,388,952.00	2,328,487.00
Less: rent and rates, and surplus repaid to S.W.D.	(1,483.00)	-
Less: programme assistants repaid to S.W.D.	(146,905.50)	(2,593.14)
	2,240,563.50	2,325,893.86
Lottery fund	36,000.00	34,000.00
Specific grants and donations	911,139.00	720,887.54
Community chest	325,300.00	315,800.00
Rental and rates	7,464.00	-
Membership fee	12,402.00	14,471.00
	<hr/> 3,532,868.50	<hr/> 3,411,052.40
OTHER INCOME		
Bank interest income	26.76	21.63
Sundry income	600.00	1,350.00
	<hr/> 626.76	<hr/> 1,371.63
LESS: ADMINISTRATIVE EXPENSES		
Advertising	1,533.60	5,300.00
Audit fee	11,500.00	-
Bank charges	-	1,200.00
Depreciation	47,261.38	47,261.38
Electricity and water expenses	24,191.20	24,803.40
Government rent, rates and management fee	16,400.00	12,392.00
Insurance	10,892.84	14,278.18
Mandatory provident fund	127,459.38	137,048.23
Office supplies	23,676.10	56,980.10
Postage and stamps	8.50	42.00
Printing and stationery	7,448.60	17,778.60
Repairs and maintenance	62,895.37	38,342.53
Specific activities expenses	1,102,341.46	1,108,688.49
Staff salaries	1,880,319.23	1,734,126.90
Subscription fee	2,200.00	4,400.00
Sundry expense	3,940.60	5,756.60
Telephone, fax and broadband	28,266.00	34,021.00
Travelling expenses	6,817.60	10,217.20
	<hr/> 3,357,151.86	<hr/> 3,252,636.61
SURPLUS FOR THE YEAR	<hr/> 176,343.40	<hr/> 159,787.42

HONG KONG FEDERATION OF THE BLIND
香港失明人互聯會

(For management purpose only)

NON-FSA SERVICES
DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2018

	<u>2018</u> HK\$	<u>2017</u> HK\$
REVENUE		
Activities income	32,236.00	109,280.00
Flag day income	-	906,205.71
Foundation fee income	196.00	272.00
Specific grants and donations	1,396,783.85	1,202,386.37
	1,429,215.85	2,218,144.08
OTHER INCOME		
Bank interest income	30,616.44	22,933.15
Sundry income	-	300.00
	30,616.44	23,233.15
LESS: ADMINISTRATIVE EXPENSES		
Activities expenses	133,912.80	207,988.90
Bank charges	1,680.00	2,090.00
Depreciation	8,358.00	8,358.00
Flag day expenses	-	51,441.60
Mandatory provident fund	33,167.92	20,690.52
Professional fee	6,000.00	-
Specific activities expenses	454,634.90	664,854.64
Staff salaries	768,518.40	547,249.81
Staff welfare	10,848.70	12,035.00
Sundry expenses	250.00	200.00
Travelling expenses	1,216.40	13,192.50
	1,418,587.12	1,528,100.97
SURPLUS FOR THE YEAR	41,245.17	713,276.26