

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)

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31ST MARCH, 2016

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PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE DIRECTORS

The directors presented the annual report and the audited financial statement of Principal Chan Free Tutorial World Limited (hereinafter referred to as the "Association") for the year ended 31st March, 2016.

PRINCIPAL ACTIVITY

The principal activity of the association was provision of free tutorial and educational service.

RESULTS

The results of the Association for the year ended 31st March, 2016 and the state of the Association's affairs at that date are set out in the financial statements on pages 4 to 11.

DIRECTORS

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

Chan Hung

Ho Leung Chung

Wu Man Kong

Lee Sybel

(Appointed on 30 June 2017)

Ng Chi Kuen Warren

(Appointed on 30 June 2017)

Wong Chi On

(Appointed on 30 June 2017)

PERMITTED INDEMNITY PROVISION

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more directors of the Association.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Association.

BUSINESS REVIEW

The Association falls within reporting exemption for the financial period. Accordingly, the Association is exempted from preparing a business review.

EQUITY-LINKED ARRANGEMENTS

During the financial period, the Association entered into no equity-linked agreement. At the end of the financial period, the Association subsisted of no equity-linked agreement.

DIRECTORS' INTEREST IN CONFLICTS

No contracts of significance to which the Association was a party and in which a director of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

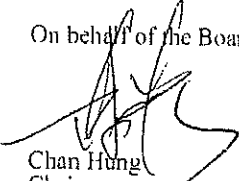
ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Association a party to any arrangement to enable the directors of the Association to acquire benefits by means of the acquisition of shares in or debentures of the Association or its associated corporations.

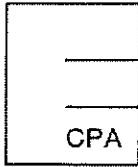
HONORARY AUDITOR

The financial statements for the year have been audited by Chan Kim Fai Eddie, Certified Public Accountant (Practising), who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board


Chan Hung
Chairman

Hong Kong, 30 APR 2018



Chan Kim Fai Eddie
Certified Public Accountant (Practising)
陳劍輝執業會計師

INDEPENDENT HONORARY AUDITOR'S REPORT
TO THE MEMBERS OF PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(Incorporated in Hong Kong with limited by guarantee)

Report on the Financial Statements

We have audited the financial statements of Principal Chan Free Tutorial World Limited set out on pages 4 to 11, which comprise the statement of financial positions as at 31st March, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

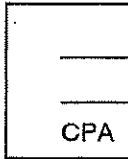
Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to PN 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial statements.

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

Unit A, 17/F., Trust Tower, 68 Johnston Road, Wanchai, H.K.
香港灣仔莊士敦道68號互信大廈17樓A室
Tel: (852) 2157 9416 Fax: (852) 2330 3029



Chan Kim Fai Eddie
Certified Public Accountant (Practising)
陳劍輝執業會計師

INDEPENDENT HONORARY AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(Incorporated in Hong Kong with limited by guarantee)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Association as at 31st March, 2016 and of its deficit and cash flows for the year ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

A handwritten signature in black ink, appearing to read "Chan Kim Fai Eddie".

Chan Kim Fai Eddie
Certified Public Accountant (Practising)
Practising Certificate Number: P05312
Hong Kong, 30 APR 2016

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2016

	2016 HK\$	2015 HK\$
TURNOVER		
Donation and funding income	6,148,730	6,348,819
Donation from Hong Kong Jockey Club Charities Trust	2,183,914	-
	8,332,644	6,348,819
ADD: OTHER REVENUE		
Bank interest income	7	4
	8,332,651	6,348,823
LESS: EXPENSES		
Activities expenses	97,846	-
Advertising	22,361	16,601
Bank charges	2,120	2,084
Book and printing	123,340	-
Building management fee	211,464	-
Cleaning expenses	10,503	10,125
Commission	-	53,000
Computer expenses	353,661	5,860
Courier charges	520	479
Depreciation	2,311,153	65,750
Design fee	-	9,000
Electricity and water	46,680	18,732
Entertainment	324	6,549
Function expenses	552,554	-
Government rent and rates	37,469	-
Insurance	8,500	-
Legal and professional fee	5,167	3,892
Licence fee	1,655	-
Messing	6,960	-
MPF contribution	198,736	142,460
Office supplies	63,382	-
Postage	937	29,383
Printing and stationery	47,021	111,131
Programme expenses	1,572,555	-
Rental expenses	1,395,048	509,000
Repairs and maintenance	125,537	4,520
Salaries and allowance	2,052,819	2,277,996
Sponsor of student	124,500	172,550
Stamp duty	813	1,549
Storage	5,032	4,520
Sundry expenses	33,264	32,277
Telecommunication	16,699	12,463
Transportation	39,851	1,030
Travelling	4,035	5,890
	9,472,506	3,496,841
(Deficit)/ surplus and total comprehensive income for the year	(1,139,855)	2,851,982

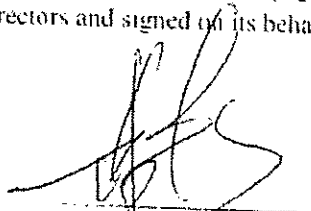
PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH, 2016

	<u>Note</u>	2016 <u>HK\$</u>	2015 <u>HK\$</u>
ASSETS			
Non-current assets			
Property, plants and equipment	4	2,361,547	181,894
Current assets			
Deposits and prepayment		727,659	331,876
Programme funds receivable		61,653	117,765
Bank balances and cash		4,053,784	8,106,931
		<u>4,843,096</u>	<u>8,556,572</u>
Current liabilities			
Amount due to a director	5	11,875	5,170
Accruals		446,586	-
Programme funds payable		152,737	999,996
		<u>611,198</u>	<u>1,005,166</u>
Net current assets		<u>4,231,898</u>	<u>7,551,406</u>
Total assets		<u>6,593,445</u>	<u>7,733,300</u>
RESERVES AND LIABILITY			
Reserves			
General fund		6,593,445	7,733,300
Total reserves		<u>6,593,445</u>	<u>7,733,300</u>

The financial statements on pages 4 to 11 have been approved and authorised for issue by the Board of Directors and signed on its behalf by:


 Chan Hung
 Director


 Ng Chi Kuen Warren
 Director

THE ANNEXED NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2016

	<u>General fund HK\$</u>	<u>Total HK\$</u>
Balance as at 1st April, 2014	4,881,318	4,881,318
Surplus for the year	<u>2,851,982</u>	<u>2,851,982</u>
Balance as at 1st April, 2015	7,733,300	7,733,300
Deficit for the year	<u>(1,139,855)</u>	<u>(1,139,855)</u>
Balance as at 31st March, 2016	<u><u>6,593,445</u></u>	<u><u>6,593,445</u></u>

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	2016 HK\$	2015 HK\$
Cash flows from operating activities			
Cash receipts from donors		8,332,644	6,348,819
Cash paid to employees and supplies		<u>(9,472,506)</u>	<u>(3,496,841)</u>
		(1,139,862)	2,851,978
Add: Depreciation		<u>2,311,153</u>	<u>65,750</u>
		1,171,291	2,917,728
Increase in deposit and prepayment		(395,783)	(217,876)
Decrease/(increase) in programme funds receivable		56,112	(117,765)
Increase in accruals		446,586	-
Increase/(decrease) in amount due to a director		6,705	(5,830)
(Decrease)/increase in programme funds payable		<u>(847,259)</u>	<u>758,358</u>
Cash generated from operations		437,652	3,334,615
Bank interest received		<u>7</u>	<u>4</u>
Net cash generated from operating activities		<u>437,659</u>	<u>3,334,619</u>
Cash generated from investing activities			
Additions to property, plant and equipment		<u>(4,490,806)</u>	<u>(165,660)</u>
Net cash (used in) investing activities		<u>(4,490,806)</u>	<u>(165,660)</u>
Net cash (used in) / generated from financing activities		<u>-</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		(4,053,147)	3,168,959
Cash and cash equivalents at beginning of the year		<u>8,106,931</u>	<u>4,937,972</u>
Cash and cash equivalents at end of the year	6	<u>4,053,784</u>	<u>8,106,931</u>

THE ANNEXED NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH, 2016

1. **GENERAL INFORMATION**

The Association was incorporated under the Predecessor Hong Kong Companies Ordinance on 25th May, 2011 as a company limited by guarantee and not having a share capital. According to the Memorandum of the Association, the liability of each member is limited to the extent of HK\$100. The Registered office address of the Association is Unit B, 1/F., Greenery Court, 250-252 Fa Yuen Street, Mong Kok, Kowloon, Hong Kong.

2. **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) **Basis of accounting**

These financial statements have been prepared under the historical cost convention.

b) **Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Furniture and fixtures	20% per annum
Leasehold improvement	50% per annum
Office equipment	20% per annum

Gain or loss arising from the derecognition of the item of property, plant and equipment is included in the income statement in the year when the item is derecognized and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

c) **Impairment of assets**

An assessment is made at each year end and date of whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment and long-term investment. In the event that an asset's carrying amount is reduced to recoverable amount and impairment loss is recognized in profit or loss. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years.

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH, 2016

2. **BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**

d) **Trade and other receivables**

Trade and other receivable are recognized initially at the transaction price. They are subsequently measured at amortized cost using effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

e) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquitted, less bank overdrafts and advances from banks repayable within three months from date of the advance.

f) **Other payables**

Other payable are initially measured at transaction price and subsequently measured at amortized cost using the effective interest method.

g) **Revenue recognition**

Revenue is recognized when the amount can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Association.

Donations are recognized as income upon actual receipt of money.

Interest income from bank deposits is accrued on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

h) **Leases**

All rentals receivable and payable under operating lease are credited or charged to the profit or loss on a straight line basis over the duration of the leases.

i) **Employee benefits**

Pension scheme

The Association provides contributions as retirement benefits for those employees who are eligible to participate in the Mandatory Provident Fund Scheme (the MPF Scheme) under the MPF Scheme Ordinance. Contributions are made on the basis of a percentage of the employees' relevant income in accordance with the rules of the MPF Scheme and are paid into the said scheme. When payable, all contributions are charges to profit or loss of the Association. The employer's portion of contributions vests fully in the employees. The assets of the MPF Scheme are held separately from those of the Association in an independently administered trust fund.

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH, 2016

3. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Association is a charitable institution under Section 88 of the Inland Revenue Ordinance (Chapter 112) and is therefore exempted from taxes levied under this Ordinance.

4. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment are given in Schedule 1 annexed to the financial statements.

5. AMOUNT DUE TO A DIRECTOR

This amount is unsecured, interest free and has no fixed repayment term.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following items in the statement of financial position:-

	<u>2016</u>	<u>2015</u>
	<u>HK\$</u>	<u>HK\$</u>
Cash at bank and on hand	<u>4,053,784</u>	<u>8,106,931</u>

7. APPROVAL OF FINANCIAL STATEMENTS

These financial statement have been approved and authorized to issue by the Board of Directors on 30th April, 2018.

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)

PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK\$	Office equipment HK\$	Furniture and fixtures HK\$	Total HK\$
<u>Cost</u>				
At 1/4/2014	-	-	163,090	163,090
Additions	-	165,660	-	165,660
At 1/4/2015	-	165,660	163,090	328,750
Additions	4,490,806	-	-	4,490,806
At 31/3/2016	4,490,806	165,660	163,090	4,819,556
<u>Depreciation</u>				
At 1/4/2014	-	-	81,106	81,106
Charge for the year	-	33,132	32,618	65,750
At 1/4/2015	-	33,132	113,724	146,856
Charge for the year	2,245,403	33,132	32,618	2,311,153
At 31/3/2016	2,245,403	66,264	146,342	2,458,009
<u>Net book value</u>				
At 31/3/2016	2,245,403	99,396	16,748	2,361,547
At 31/3/2015	-	132,528	49,366	181,894
At 31/3/2014	-	-	81,984	81,984