

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)

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31ST MARCH, 2017

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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, 2017.

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, 2017 and the state of the Association's affairs at that date are set out in the financial statements on pages 5 to 12.

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

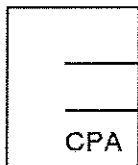
The financial statements for the year have been audited by Chan Kim Fai Eddie, Certified Public Accountant (Practising), who retire and, being eligible, offer themselves for re-appointment.

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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Principal Chan Free Tutorial World Limited set out on pages 5 to 12, which comprise the statement of financial position as at 31st March, 2017, 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.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31st March 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards for Private Entities ("HKFRS for Private Entities") 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

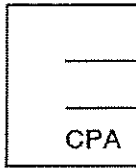
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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 directors are responsible for the other information. The other information comprises the report of the directors but does not include 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.



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)

Responsibilities of Directors and Those Charged with Governance 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 HKFRS for Private Entities 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.

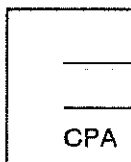
In preparing the financial statements, the directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also (Continued):

- 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 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.

Report on other matters under section 407 of the Hong Kong Companies Ordinance

We report that we have obtained all the information and explanations which we have required.

Chan Kim Fai Eddie
Certified Public Accountants (Practising)
Unit A, 17/F., Trust Tower,
68 Johnston Road, Wanchai,
Hong Kong.
Date: 30 APR 2018

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

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2017

	2017 HK\$	2016 HK\$
TURNOVER		
Donation and funding income	7,346,920	6,148,730
Donation from Hong Kong Jockey Club Charities Trust	1,442,982	2,183,914
	8,789,902	8,332,644
ADD: OTHER REVENUE		
Bank interest income	3	7
	8,789,905	8,332,651
LESS: EXPENSES		
Air conditioning fee	7,360	-
Activities expenses	106,298	97,846
Advertising	15,815	22,361
Bank charges	4,328	2,120
Book and printing	-	123,340
Building management fee	312,757	211,464
Cleaning expenses	46,255	10,503
Commission	1,750	-
Computer expenses	31,559	353,661
Courier charges	13,641	520
Depreciation	2,789,703	2,311,153
Electricity and water	88,026	46,680
Entertainment	-	324
Function expenses	463,437	552,554
Government rent and rates	71,382	37,469
Insurance	28,587	8,500
Legal and professional fee	3,731	5,167
Licence fee	-	1,655
Messing	23,841	6,960
MPF contribution	229,712	198,736
Office supplies	56,845	63,382
Postage	14,776	937
Printing and stationery	128,703	47,021
Programme expenses	1,717,543	1,572,555
Rental expenses	1,566,917	1,395,048
Repairs and maintenance	12,210	125,537
Salaries and allowance	3,403,013	2,052,819
Sponsor of student	452,500	124,500
Stamp duty	166	813
Storage	5,081	5,032
Sundry expenses	26,354	33,264
Telecommunication	31,449	16,699
Transportation	49,665	39,851
Travelling	24	4,035
	11,703,428	9,472,506
(Deficit) and total comprehensive income for the year	(2,913,523)	(1,139,855)

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH, 2017

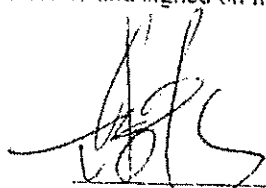
	Note	2017 HK\$	2016 HK\$
ASSETS			
Non-current assets			
Property, plants and equipment	4	575,883	2,361,547
Current assets			
Deposits and prepayment		713,243	727,659
Programme funds receivable		191,737	61,653
Bank balances and cash		2,256,824	4,053,784
		<u>3,161,804</u>	<u>4,843,096</u>
Current liabilities			
Amount due to a director	5	11,875	11,875
Accruals		9,424	446,586
Programme funds payable		36,466	152,737
		<u>57,765</u>	<u>611,198</u>
Net current assets		<u>3,104,039</u>	<u>4,231,898</u>
Total assets		<u><u>3,679,922</u></u>	<u><u>6,593,445</u></u>

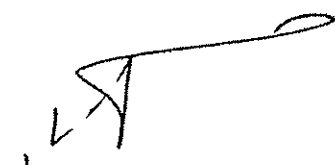
RESERVES AND LIABILITY

Reserves

General fund	3,679,922	6,593,445
Total reserves	<u><u>3,679,922</u></u>	<u><u>6,593,445</u></u>

The financial statements on pages 5 to 12 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, 2017

	<u>General fund HK\$</u>	<u>Total HK\$</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 1st April, 2016	6,593,445	6,593,445
Deficit for the year	<u>(2,913,523)</u>	<u>(2,913,523)</u>
Balance as at 31st March, 2017	<u><u>3,679,922</u></u>	<u><u>3,679,922</u></u>

PRINCIPAL CHAN FREE TUTORIAL WORLD LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2017

	<u>Note</u>	<u>2017</u> <u>HKS</u>	<u>2016</u> <u>HKS</u>
Cash flows from operating activities			
Cash receipts from donors		8,789,902	8,332,644
Cash paid to employees and supplies		<u>(11,703,428)</u>	<u>(9,472,506)</u>
		(2,913,526)	(1,139,862)
Add: Depreciation		<u>2,789,703</u>	<u>2,311,153</u>
		(123,823)	1,171,291
Decrease/(increase) in deposit and prepayment		14,416	(395,783)
(Increase)/decrease in programme funds receivable		(130,084)	56,112
(Decrease)/increase in accruals		(437,162)	446,586
Increase in amount due to a director		-	6,705
Decrease in programme funds payable		<u>(116,271)</u>	<u>(847,259)</u>
Cash generated from operations		(792,924)	437,652
Bank interest received		<u>3</u>	<u>7</u>
Net cash generated from operating activities		<u>(792,921)</u>	<u>437,659</u>
Cash generated from investing activities			
Additions to property, plant and equipment		<u>(1,004,039)</u>	<u>(4,490,806)</u>
Net cash (used in) investing activities		<u>(1,004,039)</u>	<u>(4,490,806)</u>
Net cash (used in) / generated from financing activities		<u>-</u>	<u>-</u>
Decrease in cash and cash equivalents		(1,796,960)	(4,053,147)
Cash and cash equivalents at beginning of the year		<u>4,053,784</u>	<u>8,106,931</u>
Cash and cash equivalents at end of the year	6	<u><u>2,256,824</u></u>	<u><u>4,053,784</u></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, 2017

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 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, 2017

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, 2017

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>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
Cash at bank and on hand	<u>2,256,824</u>	<u>4,053,784</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 1/4/2015	-	165,660	163,090	328,750
Additions	4,490,806	-	-	4,490,806
At 1/4/2016	4,490,806	165,660	163,090	4,819,556
Additions	1,004,039	-	-	1,004,039
At 31/3/2017	5,494,845	165,660	163,090	5,823,595
<u>Depreciation</u>				
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 1/4/2016	2,245,403	66,264	146,342	2,458,009
Charge for the year	2,747,423	33,132	9,148	2,789,703
At 31/3/2017	4,992,826	99,396	155,490	5,247,712
<u>Net book value</u>				
At 31/3/2017	502,019	66,264	7,600	575,883
At 31/3/2016	2,245,403	99,396	16,748	2,361,547
At 31/3/2015	-	132,528	49,366	181,894