



李湯陳會計師事務所  
**LI, TANG, CHEN & CO.**  
Certified Public Accountants (Practising)  
Hong Kong

**INTERNET LEARNING RESOURCE CENTRE  
LIMITED  
(Limited by guarantee)**

**REPORT OF THE EXECUTIVE COMMITTEE  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

**INTERNET LEARNING RESOURCE CENTRE LIMITED**  
(Limited by guarantee)

**REPORT OF THE EXECUTIVE COMMITTEE**

The executive committee submits to members its report and financial statements for the year ended 31<sup>st</sup> March, 2018.

**PRINCIPAL ACTIVITIES**

The principal activities of the Association are engaged in enabling primary and secondary students, especially from low-income families, to gain access to internet for learning through the acquisition of computers and internet access, and providing training on internet skills and learning collaboration.

**FINANCIAL STATEMENTS**

The financial performance of the Association for the year ended 31<sup>st</sup> March, 2018 and the financial position of the Association at that date are set out in the financial statements on pages 6 to 21.

**MEMBERS OF THE EXECUTIVE COMMITTEE**

The members of the executive committee during the financial year and up to the date of this report were:

CHAN Bernard Charnwut  
LIU Tat Yin, Kennedy  
CHUA Hoi Wai

There being no provision in the Association's articles of Association regarding rotation of executive committee members, all executive committee members continue to hold office.

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

**PERMITTED INDEMNITY PROVISIONS**

At no time during the year and up to the date of this report of the executive committee, there was or is, any permitted indemnity provision being in force for the benefit of any member of the executive committee of the Association (whether made by the Association or otherwise).

**MANAGEMENT CONTRACTS**

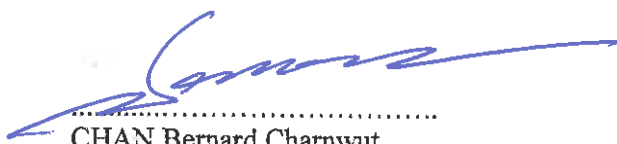
No contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or existed during the year.

**INTERNET LEARNING RESOURCE CENTRE LIMITED**  
(Limited by guarantee)

**AUDITORS**

The financial statements have been audited by Messrs. Li, Tang, Chen & Co., who retire but, being eligible, offer themselves for re-appointment.

On behalf of the executive committee



.....  
CHAN Bernard Charnwut  
Executive Committee Member

Hong Kong, 24<sup>th</sup> September, 2018



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF INTERNET LEARNING RESOURCE CENTRE LIMITED**  
(incorporated in Hong Kong with liability limited by guarantee)

**OPINION**

We have audited the financial statements of Internet Learning Resource Centre Limited ("the Association") set out on pages 6 to 21, which comprise the statement of financial position as at 31<sup>st</sup> March, 2018, and the statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended, and notes on 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<sup>st</sup> 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 ("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 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 the information included in the report of executive committee, 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.

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## **RESPONSIBILITIES OF EXECUTIVE COMMITTEE MEMBERS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

The executive committee members are responsible for the preparation of 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional 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 executive committee members.

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**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS  
(CONT'D)**

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*Li Tang Chen & Co.*  
Li, Tang, Chen & Co.  
Certified Public Accountants (Practising)  
10/F Sun Hung Kai Centre  
30 Harbour Road  
Wanchai  
Hong Kong

24<sup>th</sup> September, 2018

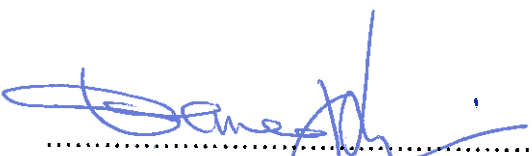
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**INTERNET LEARNING RESOURCE CENTRE LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> MARCH, 2018**

	<u>Note</u>	HK\$	<u>2018</u> HK\$	<u>2017</u> HK\$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	10		955,697	398,782
Accounts receivable	11		4,836	87,540
Grant receivable			-	2,752,404
			<u>960,533</u>	<u>3,238,726</u>
<b>CURRENT ASSETS</b>				
Accounts receivable	11	343,063		635,575
Grants receivable		3,216,350		-
Deposits, prepayments and other receivable		114,668		123,608
Cash and bank balances		<u>4,681,245</u>		<u>4,583,324</u>
		<u>8,355,326</u>		<u>5,342,507</u>
<b>CURRENT LIABILITIES</b>				
Fees received in advance		2,358,245		4,345,416
Accounts payable		380,729		423,344
Accrued expenses		723,096		633,708
Amount due to The Hong Kong Council of Social Service	12	1,000,000		1,000,677
Deferred income	3(f)	941,664		398,782
Project fund not yet utilised		<u>2,872,679</u>		<u>2,393,535</u>
		<u>8,276,413</u>		<u>9,195,462</u>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>			<u>78,913</u>	<u>(3,852,955)</u>
<b>NET ASSETS/(LIABILITIES)</b>			<u>1,039,446</u>	<u>(614,229)</u>
Representing:				
<b>ACCUMULATED SURPLUS/(DEFICIT)</b>			<u>1,039,446</u>	<u>(614,229)</u>

The financial statements set out on pages 6 to 21 were approved and authorised for issue by the Executive Committee on 24<sup>th</sup> September, 2018.

  
.....  
LIU Tat Yin, Kennedy  
Executive Committee Member

  
.....  
CHUA Hoi Wai  
Executive Committee Member



**INTERNET LEARNING RESOURCE CENTRE LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

	<u>Note</u>	<u>2018</u> HK\$	<u>2017</u> HK\$
<b>REVENUES</b>	7	21,166,199	20,287,539
<b>OTHER INCOME</b>	7	1,926,982	287,907
<b>COST OF SALES</b>			
Purchases		(826,761)	1,135,745
Transportation		(2,350)	(3,898)
		(829,111)	(1,139,643)
<b>COST OF SERVICES</b>		(4,684,570)	(4,956,832)
<b>PROJECT INCOME</b>			
– TRANSFERRED TO PROJECT FUNDS NOT YET UTILISED		(862,028)	(111,432)
<b>TOTAL INCOME FOR THE YEAR</b>		16,717,472	14,367,539
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>		(15,063,797)	(14,431,377)
<b>SURPLUS/(DEFICIT) AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>	8	<u>1,653,675</u>	<u>(63,838)</u>

**INTERNET LEARNING RESOURCE CENTRE LIMITED**  
**STATEMENT OF CHANGES IN FUND**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

	Accumulated (deficit)/ surplus <u>HK\$</u>
Balance at 1 <sup>st</sup> April, 2016	(550,391)
Deficit and total comprehensive expense for the year	<u>(63,838)</u>
Balance at 31 <sup>st</sup> March, 2017 and 1 <sup>st</sup> April, 2017	(614,229)
Surplus and total comprehensive income for the year	<u>1,653,675</u>
Balance at 31 <sup>st</sup> March, 2018	<u><u>1,039,446</u></u>

**INTERNET LEARNING RESOURCE CENTRE LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

	<u>2018</u> HK\$	<u>2017</u> HK\$
<b>OPERATING ACTIVITIES</b>		
Surplus/(Deficit) for the year	1,653,675	(63,838)
Adjustments for:		
Depreciation	310,964	302,645
Property, plant and equipment written off	-	65,347
Amortisation of deferred income	(303,948)	(269,972)
Interest income	(68)	(61)
<b>Operating surplus before working capital changes</b>	<u>1,660,623</u>	<u>34,121</u>
Decrease in accounts receivable	375,216	745,285
Decrease/(increase) in deposits, prepayments and other receivable	8,940	(93,640)
(Decrease)/increase in fees received in advance	(1,987,171)	223,092
Decrease in accounts payable	(42,615)	(38,752)
Increase in accrued expenses	89,388	87,285
(Decrease)/increase in amount due to The Hong Kong Council of Social Service	(677)	677
Increase in project funds not yet utilised	<u>862,028</u>	<u>111,432</u>
<b>Cash generated from operating activities</b>	<u>965,732</u>	<u>1,069,500</u>
Interest received	68	61
<b>Net cash generated from operating activities</b>	<u>965,800</u>	<u>1,069,561</u>
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<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(867,879)</u>	<u>(554,116)</u>
<b>Net cash used in investing activity</b>	<u>(867,879)</u>	<u>(554,116)</u>
	-----	-----
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	97,921	515,445
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>4,583,324</u>	<u>4,067,879</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>4,681,245</u>	<u>4,583,324</u>
	=====	=====
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>4,681,245</u>	<u>4,583,324</u>
	=====	=====

## INTERNET LEARNING RESOURCE CENTRE LIMITED

### NOTES ON THE FINANCIAL STATEMENTS

#### 1. CORPORATE INFORMATION

Internet Learning Resource Centre Limited (the "Association") was incorporated on 17<sup>th</sup> March, 2011 under the Hong Kong Companies Ordinance as an Association limited by guarantee and not having a share capital. Each member of the Association has undertaken to contribute an amount not exceeding HK\$100 to the assets of the Association in the event of it being winding up.

The registered office of the Association is located at 7/F., Duke of Windsor Social Service Building, 15 Hennessy Road, Wanchai, Hong Kong.

The principal activities of the Association are engaged in enabling primary and secondary students, especially from low-income families, to gain access to internet for learning through the acquisition of computers and internet access, and providing training on internet skills and learning collaboration.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Association.

#### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Association.

The management considers that the new and revised HKFRSs have no impact on the Association's financial statements for the current and prior years.

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

#### **Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31<sup>st</sup> March, 2018**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the period ended 31<sup>st</sup> March, 2018 and which have not been adopted in these financial statements.

The Association is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations 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 Association's results of operations and financial position.

## INTERNET LEARNING RESOURCE CENTRE LIMITED

### NOTES ON THE FINANCIAL STATEMENTS

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 periods presented, unless otherwise stated.

a) Basis of preparation:

These financial statements have been prepared in accordance with HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention.

b) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, on the straight-line basis at the following rates per annum:

Leasehold improvements	5 years
Furniture and fixtures, office equipment and computer equipment	3-5 years

An item of property, plant and 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 derecognition of the asset (calculated as the difference between the net sale proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year in which the item is derecognised.

c) Impairment of assets:

At the end of each reporting period, the Association reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. 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 as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such 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.

## INTERNET LEARNING RESOURCE CENTRE LIMITED

### NOTES ON THE FINANCIAL STATEMENTS

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Cash and cash equivalents:

For the purpose of the statement of cash flows, 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 acquired, less bank overdrafts which are repayable on demand and form an integral part of the Association's cash management.

e) Revenue recognition:

- i) Government grants are recognised as income in the statement of comprehensive income on a receipts basis.
- ii) Sales of hardware and software are recognised when the goods are delivered to the customers.
- iii) Profit on internet access service are recognised when services are rendered on a straight-line basis over the applicable fixed period.
- iv) Donation income is recognised upon receipt except for donation received for special projects which are credited to funds designated for specific purposes. Designated funds are released to the statement of comprehensive income when utilised.
- v) Interest income is recognised on a time proportion basis taking into account the principal amounts outstanding and the effective interest rates applicable.
- vi) Training course income is recognised when service is provided.

f) Government grants:

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to expense items are recognised in the same period as those expenses are charged in the statement of comprehensive income and are reported separately as income. Grants that compensate the Association for the cost of an asset are transferred from the grant and regarded as deferred income and credited to the statement of comprehensive income on a straight-line basis over the same periods in which the related assets are depreciated.

g) Operating leases:

Leases where substantially all the rewards and risks of ownership of assets, other than legal title, remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

**INTERNET LEARNING RESOURCE CENTRE LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

h) Related parties:

- a) A person, or a close member of that person's family, is related to the Association if that person:
- i) has control or joint control over the Association;
  - ii) has significant influence over the Association; or
  - iii) is a member of the key management personnel of the Association or the Association's parent.
- b) An entity is related to the Association if any of the following conditions applies:
- i) the entity and the Association 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 Association or an entity related to the Association.
  - vi) the entity is controlled or jointly controlled by a person identified in (a).
  - vii) a person identified in (a)(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 the group of which it is a part, provided key management services to the Association or to the parent of the Association.

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.

i) Retirement benefits scheme:

The Association participates in the Mandatory Provident Fund retirement benefits scheme ("the MPF Scheme"). The Association's contributions to the MPF Scheme are made based on a percentage of the employees' relevant remuneration and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Association in an independently administered fund. The employer's contributions vest fully with the employees when contributed into the MPF Scheme.

## INTERNET LEARNING RESOURCE CENTRE LIMITED

### NOTES ON THE FINANCIAL STATEMENTS

#### 4. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

##### Financial assets

	Loans and receivables	
	2018 HK\$	2017 HK\$
Grant receivable	3,216,350	2,752,404
Accounts receivable	347,899	723,115
Deposits and other receivable	111,900	114,195
Cash and bank balances	4,681,245	4,583,324
	<u>8,357,394</u>	<u>8,173,038</u>

##### Financial liabilities

	Financial liabilities at amortised cost	
	2018 HK\$	2017 HK\$
Accounts payables	380,729	423,344
Accrued expenses	723,096	633,708
Amount due to The Hong Kong Council of Social Service	1,000,000	1,000,677
	<u>2,103,825</u>	<u>2,057,729</u>

#### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's principal financial instruments comprise grant receivable, accounts receivables, deposits and other receivable, cash and bank balances, accounts payables and accrued expenses and amount due to The Hong Kong Council of Social Services. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measure are implemented on a timely and effective manner.



INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

a) Credit risk

The Association's maximum exposure to credit risk in the event of the counterparties failure to perform their obligation as at 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. In order to mitigate the risk arising from bank balances, the Association places its deposits with reputable banks. In additions, accounts receivables are monitored on an ongoing basis. In this regard, the Association considers that its credit risk is significantly reduced.

b) Liquidity risk

The Association's policy is to regularly monitor its liquidity requirements to ensure that the Association maintains sufficient reserves of cash to meet its liquidity requirements in the short and long-term.

The following table details the contractual maturities at the end of the reporting period of the Association's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Association can be required to pay:

	2018		
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Accounts payable	380,729	380,729	380,729
Accrued expenses	723,096	723,096	723,096
Amount due to The Hong Kong Council of Social Service	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
	<u>2,103,825</u>	<u>2,103,825</u>	<u>2,103,825</u>
	2017		
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Accounts payable	423,344	423,344	423,344
Accrued expenses	633,708	633,708	633,708
Amount due to The Hong Kong Council of Social Service	<u>1,000,677</u>	<u>1,000,677</u>	<u>1,000,677</u>
	<u>2,057,729</u>	<u>2,057,729</u>	<u>2,057,729</u>

## INTERNET LEARNING RESOURCE CENTRE LIMITED

### NOTES ON THE FINANCIAL STATEMENTS

#### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

c) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017.

d) Capital risk management

The Association's objectives when managing capital are to safeguard the Association's ability to continue as a going concern and to support the Association's stability and growth for the purpose of strengthening the Association's risk management capability. Capital comprises accumulated surplus/deficit.

#### 6. GOVERNMENT GRANTS

On 23<sup>rd</sup> May, 2011, the Association entered into the Funding and Operation Agreement ("the former Agreement") for the Project with OGCI in respect of assisting students from low-income families to undertake internet learning at home. The Government implements the Project in five years to help eligible families acquire suitable and affordable computers and internet access, and to provide training and technical support. The former Agreement was expired on 31<sup>st</sup> August, 2016. On 20<sup>th</sup> September, 2016, the Association entered into the Funding and Operation Agreement ("the new Agreement") for the Project with OGCI in respect of assisting students from low-income families to undertake internet learning at home. The Government will continue the Project until 31<sup>st</sup> August, 2018 to help eligible families acquire suitable and affordable computers and internet access, and to provide training and technical support.

Pursuant to the former Agreement, the Government shall make available a total of HK\$100 million to the Association by five payments over five years in support of the Project. The amount of payment shall be determined by the Government with reference to the cash flow requirement on the Project with necessary adjustment.

Pursuant to the new Agreement, the total amount disbursed to the Association over the new Agreement period shall not be more than HK\$40 million. The amount of payment shall be determined by the Government with reference to the cash flow requirement on the Project with necessary adjustment.

Upon 31<sup>st</sup> March, 2018, the aggregate amount received by the Association in respect of the Project was HK\$88,012,565.

Subsequent to the end of the reporting period, on 11<sup>th</sup> April, 2018, the Association entered into the agreement of the Exit Plan for the Project with OGCI in respect of completion of all exit activities prescribed in the Exit Plan. The Government shall make a total funding of HK\$6 million available to the Association to support the Exit Plan.

**INTERNET LEARNING RESOURCE CENTRE LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS**

**7. REVENUES AND OTHER INCOME**

	<u>2018</u> HK\$	<u>2017</u> HK\$
<b>Revenues</b>		
Government grants from the Office of The Government Chief Information Officer (note 3f)	14,317,337	13,682,934
Donations	1,025,566	492,700
Sales of hardware and software	835,066	795,626
Internet access service income (net)	4,780,330	5,316,279
Training course income	<u>207,900</u>	<u>-</u>
	<u>21,166,199</u>	<u>20,287,539</u>
<b>Other income</b>		
Interest income	68	61
Amortisation of deferred income	303,948	269,972
Sundry income	38,958	17,874
Receipts from various designated projects	<u>1,584,008</u>	<u>-</u>
	<u>1,926,982</u>	<u>287,907</u>

**8. SURPLUS/(DEFICIT) FOR THE YEAR**

Surplus/(deficit) for the year is arrived at after charging:

	<u>2018</u> HK\$	<u>2017</u> HK\$
Auditors' remuneration	65,000	63,800
Depreciation	310,964	302,645
Operating lease rental on land and building	405,600	202,800
Staff costs		
- Salaries and allowances	5,913,458	6,015,591
- Mandatory provident fund contribution	246,817	246,441
	<u>6,160,275</u>	<u>6,262,032</u>
Property, plant and equipment written off	-	65,347
	<u>-</u>	<u>65,347</u>

**9. TAXATION**

The Association is a charitable institution and is exempted from all Hong Kong taxes pursuant to Section 88 of the Inland Revenue Ordinance.

**INTERNET LEARNING RESOURCE CENTRE LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS**

**10. PROPERTY, PLANT AND EQUIPMENT**

	<u>Leasehold improvements</u> HK\$	<u>Furniture and fixtures</u> HK\$	<u>Office equipment</u> HK\$	<u>Computer equipment</u> HK\$	<u>Total</u> HK\$
<b>At 31.3.2016</b>					
Cost	450,547	64,601	152,381	1,450,062	2,117,591
Accumulated depreciation	<u>(450,547)</u>	<u>(63,920)</u>	<u>(122,106)</u>	<u>(1,268,360)</u>	<u>(1,904,933)</u>
Net book value	<u>          </u>	<u>681</u>	<u>30,275</u>	<u>181,702</u>	<u>212,658</u>
<b>Year ended 31.3.2017</b>					
Net book value at 1.4.2016	-	681	30,275	181,702	212,658
Additions	378,675	102,550	44,700	28,191	554,116
Written off	-	(65,347)	-	-	(65,347)
Depreciation for the year	<u>(75,735)</u>	<u>(34,257)</u>	<u>(28,387)</u>	<u>(164,266)</u>	<u>(302,645)</u>
Net book value at 31.3.2017	<u>302,940</u>	<u>3,627</u>	<u>46,588</u>	<u>45,627</u>	<u>398,782</u>
<b>At 31.3.2017</b>					
Cost	432,952	4,530	105,500	134,313	677,295
Accumulated depreciation	<u>(130,012)</u>	<u>(903)</u>	<u>(58,912)</u>	<u>(88,686)</u>	<u>(278,513)</u>
Net book value	<u>302,940</u>	<u>3,627</u>	<u>46,588</u>	<u>45,627</u>	<u>398,782</u>
<b>Year ended 31.3.2018</b>					
Net book value at 1.4.2017	302,940	3,627	46,588	45,627	398,782
Additions	-	-	-	867,879	867,879
Depreciation for the year	<u>(75,735)</u>	<u>(906)</u>	<u>(22,433)</u>	<u>(211,890)</u>	<u>(310,964)</u>
Net book value at 31.3.2018	<u>227,205</u>	<u>2,721</u>	<u>24,155</u>	<u>701,616</u>	<u>955,697</u>
<b>At 31.3.2018</b>					
Cost	432,952	4,530	105,500	1,002,192	1,545,174
Accumulated depreciation	<u>(205,747)</u>	<u>(1,809)</u>	<u>(81,345)</u>	<u>(300,576)</u>	<u>(589,477)</u>
Net book value	<u>227,205</u>	<u>2,721</u>	<u>24,155</u>	<u>701,616</u>	<u>955,697</u>

Note:

The total cost of property, plant and equipment written off during the year ended 31<sup>st</sup> March, 2018 was HK\$Nil (2017: HK\$1,994,412).

**INTERNET LEARNING RESOURCE CENTRE LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS**

**11. ACCOUNTS RECEIVABLES**

	<u>2018</u> HK\$	<u>2017</u> HK\$
Accounts receivables arising from sales of hardware and software by installments	347,899	723,115
Less: Portion classified under non-current assets	<u>4,836</u>	<u>87,540</u>
Portion classified under current assets	<u><u>343,063</u></u>	<u><u>635,575</u></u>

The aging analysis of accounts receivable is as follows:

	<u>2018</u> HK\$	<u>2017</u> HK\$
Neither past due nor impaired	309,024	713,620
Less than 1 month past due	5,530	5,360
More than 1 month but less than 3 months past due	4,135	4,135
More than 3 months but less than 1 year past due	<u>29,210</u>	<u>-</u>
	<u>38,875</u>	<u>9,495</u>
	<u><u>347,899</u></u>	<u><u>723,115</u></u>

Accounts receivable that were neither past due nor impaired relate to a number of independent customers for whom there was no recent history of default. Accounts receivable that were past due but not impaired relate to receivable from a number of independent customers that have a good track record with the Association.

**12. AMOUNT DUE TO THE HONG KONG COUNCIL OF SOCIAL SERVICE**

This account represents non-interest bearing advance which is unsecured and has no fixed terms of repayment.

**13. EXECUTIVE COMMITTEE MEMBERS' REMUNERATION**

No members of the executive committee received any fees or other remuneration for serving as a member of the executive committee during the current and prior years.

## INTERNET LEARNING RESOURCE CENTRE LIMITED

### NOTES ON THE FINANCIAL STATEMENTS

#### 14. RELATED PARTY TRANSACTIONS

The Association had the following material transactions with related parties during the year.

- a) The Association purchased property, plant and equipment amounting to HK\$846,830 (2017: HK\$13,260) from Information Technology Resource Centre Limited.
- b) The Association paid administration charges to its fellow subsidiary, Information Technology Resource Centre Limited, amounting to HK\$840,000 (2017: HK\$815,000).
- c) The Association paid training and technical support to its fellow subsidiary, Information Technology Resource Centre Limited, amounting to HK\$17,825 (2017: HK\$ Nil).
- d) Expenditures included in various kinds of overheads and expenses, which of HK\$1,987,451 (2017: HK\$1,649,797) were other paid to The Hong Kong Council of Social Service, ultimate holding company of the Association and Information Technology Resource Centre Limited, a fellow subsidiary of the Association.
- e) The Association received technical support service income from its fellow subsidiary, Information Technology Resource Centre Limited, amounting to HK\$Nil (2017: HK\$220,000).
- f) Included in accrued expenses was an amount of HK\$26,214 (2017: HK\$Nil) due to its fellow subsidiary company, Information Technology Resources Centre Limited.
- g) Balances with The Hong Kong Council of Social Service are described in note (12) on the financial statements.
- h) The Association's key management personnel included executive committee members. Details of executive committee members remuneration are fully disclosed in note (13) on the financial statements.

#### 15. OPERATING LEASE ARRANGEMENT

The Association entered into non-cancellable operating lease arrangement with a landlord in respect of its office premises with leases negotiated terms in three years.

At 31<sup>st</sup> March, 2018, the Association had total future minimum lease rental payables in respect of office premises under non-cancellable operating leases falling due as follows:

	<u>2018</u> HK\$	<u>2017</u> HK\$
Within one year	135,200	405,600
In the second to fifth years, inclusive	<u>-</u>	<u>135,200</u>
	<u>135,200</u>	<u>540,800</u>

**INTERNET LEARNING RESOURCE CENTRE LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS**

**16. ULTIMATE HOLDING COMPANY**

The ultimate holding company of the Association is The Hong Kong Council of Social Service, a company incorporated in Hong Kong under the Hong Kong Council of Social Service Incorporation Ordinance.





