

**INFORMATION TECHNOLOGY RESOURCE
CENTRE LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2016**

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

DIRECTORS' REPORT

The directors submit to the sole member of the company their report together with the audited financial statements for the year ended 31st March, 2016.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the sale and provision of information technology products and services and related software development and consultancy project management services.

RESULTS

The financial performance of the company for the year ended 31st March, 2016 and the financial position of the company at that date are set out in the financial statements on pages 5 to 21.

The directors do not recommend the payment of a dividend in respect of the year ended 31st March, 2016.

DIRECTORS

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

LIU Tat Yin, Kennedy
LAW Chi Kwong
CHUA Hoi Wai

In accordance with article 95 of the company's articles of association, all the existing directors retire but, being eligible, offer themselves for re-election.

No contracts of significance to which the company or any of its fellow subsidiaries or its holding company was a party and in which the directors of the company had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was the company or any of its fellow subsidiaries or its holding company a party to any arrangements to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

PERMITTED INDEMNITY PROVISIONS

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

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the company were entered into or existed during the year.

AUDITORS

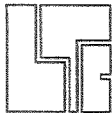
The financial statements have been audited by Messrs. Li, Tang, Chen & Co., who retire but, being eligible, offer themselves for re-appointment.

On behalf of the Board



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LAW Chi Kwong
Director

Hong Kong, 26 SEP 2016



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

10/F Sun Hung Kai Centre
30 Harbour Road, Wanchai
Hong Kong

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**INDEPENDENT AUDITOR'S REPORT
TO THE SOLE MEMBER OF
INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED**
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Information Technology Resource Centre Limited ("the company") set out on pages 5 to 21, which comprise the statement of financial position as at 31st March, 2016, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 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 do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing 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 about 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 of financial statements that give a true and fair view 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 directors, 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.

to be cont'd/.....

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31st March, 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

We draw attention to note 3(a)(iii) concerning the basis of preparation of the financial statements by the management. At 31st March, 2016, the company had net liabilities of HK\$1,946,233. The company's ultimate holding company has confirmed its present intention to provide continuing financial support to the company to enable it to meet its liabilities as and when they fall due. Consequently, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments to the assets and liabilities that would result from a failure to obtain such financial support. Our opinion is not qualified in respect of this matter.



Li, Tang, Chen & Co.

Certified Public Accountants (Practising)

10/F Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

26 SEP 2016

RCMC/SMW:vy

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2016

	<u>Note</u>	HK\$	<u>2016</u> HK\$	<u>2015</u> HK\$
NON-CURRENT ASSETS				
Property, plant and equipment	9		109,389	149,139
CURRENT ASSETS				
Accounts receivable	10	4,623,649		2,239,827
Deposits and prepayments		11,000		11,000
Cash and bank balances	11	138,726		1,690,620
		<u>4,773,375</u>		<u>3,941,447</u>
CURRENT LIABILITIES				
Amount due to The Hong Kong Council of Social Service	12	844,159		791,372
Accounts payable		2,667,932		2,284,333
Other payables and accrued expenses		3,078,691		3,037,018
Bank overdraft (unsecured)		<u>238,215</u>		-
		<u>6,828,997</u>		<u>6,112,723</u>
NET CURRENT LIABILITIES			<u>(2,055,622)</u>	<u>(2,171,276)</u>
NET LIABILITIES			<u>(1,946,233)</u>	<u>(2,022,137)</u>
CAPITAL AND RESERVE				
Share capital	13		10,000	10,000
Accumulated losses			<u>(1,956,233)</u>	<u>(2,032,137)</u>
TOTAL DEFICIT			<u>(1,946,233)</u>	<u>(2,022,137)</u>

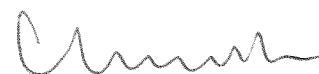
The financial statements on pages 5 to 21 were approved and authorised for issue by the board of directors on 26 SEP 2016



LAW Chi Kwong
 Director



LIU Tat Yin, Kennedy
 Director



CHUA Hoi Wai
 Director

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2016

	<u>Note</u>	<u>2016</u> HK\$	<u>2015</u> HK\$
REVENUES	6	26,076,991	26,780,432
COST OF REVENUES		<u>(16,383,736)</u>	<u>(18,033,637)</u>
GROSS PROFIT		9,693,255	8,746,795
OTHER INCOME	6	10,072	396
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		<u>(9,627,423)</u>	<u>(9,291,267)</u>
PROFIT/(LOSS) BEFORE TAXATION	7	75,904	(544,076)
INCOME TAX CREDIT	8(a)	<u>-</u>	<u>19,093</u>
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		<u>75,904</u>	<u>(524,983)</u>

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2016

	<u>2016</u> HK\$	<u>2015</u> HK\$
OPERATING ACTIVITIES		
Profit/(loss) before taxation	75,904	(544,076)
Adjustments for:		
Depreciation	53,857	125,965
Bank interest income	(13)	(19)
Operating profit/(loss) before working capital changes	<u>129,748</u>	<u>(418,130)</u>
(Increase)/decrease in accounts receivable	(2,383,822)	3,104,573
Increase in deposits and prepayments	-	(10,700)
Increase in amount due to The Hong Kong Council of Social Service	52,787	166,518
Increase/(decrease) in accounts payable	383,599	(2,680,928)
Increase in other payables and accrued expenses	<u>41,673</u>	<u>352,135</u>
Net cash (used in)/generated from operating activities	<u>(1,776,015)</u>	<u>513,468</u>
	-----	-----
INVESTING ACTIVITIES		
Interest received	13	19
Purchase of property, plant and equipment	<u>(14,107)</u>	<u>(63,208)</u>
Net cash used in investing activities	<u>(14,094)</u>	<u>(63,189)</u>
	-----	-----
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,790,109)	450,279
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>1,690,620</u>	<u>1,240,341</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>(99,489)</u>	<u>1,690,620</u>
	=====	=====
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	138,726	1,689,851
Cash in hand	-	769
Bank overdraft	<u>(238,215)</u>	<u>-</u>
	<u>(99,489)</u>	<u>1,690,620</u>
	=====	=====

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2016

	<u>Share capital</u> HK\$	<u>Accumulated losses</u> HK\$	<u>Total</u> HK\$
Balance at 1 st April, 2014	10,000	(1,507,154)	(1,497,154)
Loss and total comprehensive loss for the year	<u>-</u>	<u>(524,983)</u>	<u>(524,983)</u>
Balance at 31 st March, 2015 and 1 st April, 2015	10,000	(2,032,137)	(2,022,137)
Profit and total comprehensive income for the year	<u>-</u>	<u>75,904</u>	<u>75,904</u>
Balance at 31 st March, 2016	<u>10,000</u>	<u>(1,956,233)</u>	<u>(1,946,233)</u>

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Information Technology Resource Centre Limited ("the company") is a company incorporated in Hong Kong with limited liability. The registered office of the company is located at 13/F., Duke of Windsor Social Service Building, 15 Hennessy Road, Wanchai, Hong Kong.

The principal activity of the company is the sale and provision of information technology products and services and related software development and consultancy project management services.

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

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

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

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

The company has not yet 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 31st March, 2016

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 year ended 31st March, 2016 and which have not been adopted in these financial statements.

The company 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 is unlikely to have a significant impact on the company's results of operations and financial position.

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:

- i) The 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 Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention.

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

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

a) Basis of preparation: (cont'd)

- ii) The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

- iii) The company's ultimate holding company has confirmed its present intention to provide continuing financial support to the company to enable the company to meet its liabilities as and when they fall due. Accordingly, the financial statements have been prepared on a going concern basis notwithstanding the net liabilities as at 31st March, 2016.

b) Property, plant and equipment:

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:

Furniture, fixtures and office equipment	3-5 years
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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 company 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.

INFORMATION TECHNOLOGY 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 company's cash management.

e) Foreign currencies:

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the statement of comprehensive income.

f) Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The company's liability for current tax is calculated using tax rates that are enacted or substantially enacted at the end of reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also dealt with in other comprehensive income and equity.

g) Revenue recognition:

i) Sales of goods are recognised upon the deliveries of goods to customers and title has passed.

ii) Broadband service income is recognised upon the rendering of broadband service.

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

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

g) Revenue recognition: (cont'd)

iii) Core application programme, management service, training course, system and networking service, secondment service and E-flag service income are recognised when services are provided.

iv) Bank interest income is recognised as it accrues using the effective interest method.

h) 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.

i) Related parties:

a) A person or a close member of that person's family is related to the company if that person:

- i) has control or joint control over the company;
- ii) has significant influence over the company; or
- iii) is a member of the key management personnel of the company or the company's parent.

b) An entity is related to the company if any of the following conditions applies:

- i) the entity and the company 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 a 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 company or an entity related to the company.
- 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 group or to the parent of the group.

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.

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

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

j) Retirement benefits scheme:

The company participates in the Mandatory Provident Fund retirement benefits scheme ("the MPF Scheme"). The company'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 company in an independently administered fund. The employer's contributions vest fully with the employees when contributed into the MPF Scheme.

4. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	Loans and receivables	
	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Accounts receivable	4,623,649	2,239,827
Deposits	11,000	11,000
Cash and bank balances	<u>138,726</u>	<u>1,690,620</u>
	<u>4,773,375</u>	<u>3,941,447</u>

Financial liabilities

	Financial liabilities at amortised cost	
	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Amount due to the Hong Kong Council of Social Service	844,159	791,372
Accounts payable	2,667,932	2,284,333
Other payables and accrued expenses	2,713,691	2,672,018
Bank overdraft	<u>238,215</u>	<u>-</u>
	<u>6,463,997</u>	<u>5,747,723</u>

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise accounts receivable, deposits, cash and bank balances, amount due to The Hong Kong Council of Social Service, accounts payable, other payables and accrued expenses and bank overdraft. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

a) Credit risk

The company's principal financial assets are accounts receivable and cash and bank balances. The company's maximum exposure to credit risk in the event of the counterparties failure to perform their obligation as at 31st March, 2016 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 company places its deposits with reputable banks. In additions, accounts receivable are monitored on an ongoing basis. In this regard, the company considers that its credit risk is significantly reduced.

b) Liquidity risk

The company's policy is to regularly monitor its liquidity requirements to ensure that the company 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 company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the company can be required to pay:

		2016	
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK\$	HK\$	HK\$
Amount due to The Hong Kong Council of Social Service	844,159	(844,159)	(844,159)
Accounts payable	2,667,932	(2,667,932)	(2,667,932)
Other payables and accrued expenses	2,713,691	(2,713,691)	(2,713,691)
Bank overdraft	238,215	(238,215)	(238,215)
	6,463,997	(6,463,997)	(6,463,997)

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

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

b) Liquidity risk (cont'd)

	2015		
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK\$	HK\$	HK\$
Amount due to The Hong Kong Council of Social Service	791,372	(791,372)	(791,372)
Accounts payable	2,284,333	(2,284,333)	(2,284,333)
Other payables and accrued expenses	2,672,018	(2,672,018)	(2,672,018)
	<u>5,747,723</u>	<u>(5,747,723)</u>	<u>(5,747,723)</u>

c) Interest rate risk

As the company has no significant interest-bearing assets and liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates.

d) Fair value estimation

The directors considered that all financial instruments are carried at amounts not materially different from their respective fair values.

e) Capital management

The company's objectives when managing capital are:

- To safeguard the company's ability to continue as a going concern, so that it continues to provide returns for shareholders;
- To support the company's stability and growth; and
- To provide capital for the purpose of strengthening the company's risk management capability.

The company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

As in prior years, the company monitors capital by reviewing the level of capital that is at the disposal of the company. Capital comprises all components of total deficit.

The company is not subject to externally imposed capital requirements.

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

6. REVENUES AND OTHER INCOME

	<u>2016</u> HK\$	<u>2015</u> HK\$
Revenues		
Sales of goods	11,271,098	13,884,838
Core application programme income	2,428,265	2,573,913
Broadband service income	4,498,596	4,055,199
Management service income	2,529,207	2,691,341
Training course income	324,500	137,120
System and networking service income	4,080,645	3,034,899
Secondment service income	881,310	336,735
E-flag service income	63,370	66,387
	<u>26,076,991</u>	<u>26,780,432</u>
Other income		
Bank interest income	13	19
Sundry income	<u>10,059</u>	<u>377</u>
	<u>10,072</u>	<u>396</u>

7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Salaries, allowance and other benefits (note 15)	7,815,060	7,525,744
Depreciation	53,857	125,965
Auditors' remuneration	<u>43,000</u>	<u>41,000</u>

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

8. INCOME TAX CREDIT

- a) Income tax credit in the statement of comprehensive income represents:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Hong Kong profits tax		
- overprovision in respect of prior year	-	19,093

- b) No provision for Hong Kong profits tax has been made as the company's available tax losses brought forward from previous year exceed the estimated assessable profit for the year ended 31st March, 2016 (2015: no provision for Hong Kong profits tax had been made as the company sustained a tax loss for the year ended 31st March, 2015).

- c) The income tax credit for the year can be reconciled to the profit/(loss) before taxation per statement of comprehensive income at the statutory income tax rate as follow:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Profit/(loss) before taxation	75,904	(544,076)
Tax at the statutory income tax rate of 16.5% (2015: 16.5%)	12,524	(89,773)
Tax effect of non-taxable income	(2)	(3)
Tax effect of temporary differences not recognised	4,170	7,370
Tax effect on unused tax losses not recognised	-	82,406
Tax effect of utilisation of tax losses not previously recognised	(16,692)	-
Overprovision in prior year	-	19,093
Income tax credit for the year	-	19,093

- d) No provision for deferred tax assets in respect of a tax loss of HK\$2,289,042 (2015: HK\$2,390,207) has been made for the year ended 31st March, 2016 due to unpredictable future profit stream of the company.

INFORMATION TECHNOLOGY RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and fixtures</u> HK\$	<u>Office equipment</u> HK\$	<u>Total</u> HK\$
As at 31.3.2014			
Cost	8,857	1,089,689	1,098,546
Accumulated depreciation	<u>(7,877)</u>	<u>(878,773)</u>	<u>(886,650)</u>
Net book value	<u>980</u>	<u>210,916</u>	<u>211,896</u>
Year ended 31.3.2015			
Net book value as at 1.4.2014	980	210,916	211,896
Additions	-	63,208	63,208
Depreciation for the year	<u>(980)</u>	<u>(124,985)</u>	<u>(125,965)</u>
Net book value as at 31.3.2015	<u>-</u>	<u>149,139</u>	<u>149,139</u>
As at 31.3.2015			
Cost	8,857	1,152,897	1,161,754
Accumulated depreciation	<u>(8,857)</u>	<u>(1,003,758)</u>	<u>(1,012,615)</u>
Net book value	<u>-</u>	<u>149,139</u>	<u>149,139</u>
Year ended 31.3.2016			
Net book value as at 1.4.2015	-	149,139	149,139
Additions	-	14,107	14,107
Depreciation for the year	<u>-</u>	<u>(53,857)</u>	<u>(53,857)</u>
Net book value as at 31.3.2016	<u>-</u>	<u>109,389</u>	<u>109,389</u>
As at 31.3.2016			
Cost	8,857	1,167,004	1,175,861
Accumulated depreciation	<u>(8,857)</u>	<u>(1,057,615)</u>	<u>(1,066,472)</u>
Net book value	<u>-</u>	<u>109,389</u>	<u>109,389</u>

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NOTES ON THE FINANCIAL STATEMENTS

10. ACCOUNTS RECEIVABLE

	<u>2016</u> HK\$	<u>2015</u> HK\$
Accounts receivable	4,623,649	2,239,827

The aging analysis of accounts receivable is as follows:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Neither past due nor impaired	2,574,140	1,354,066
Less than 1 month past due	946,970	692,357
More than 1 month but less than 3 months past due	897,673	82,131
More than 3 months but less than 1 year past due	173,162	62,475
More than 1 year past due	31,704	48,798
	<u>2,049,509</u>	<u>885,761</u>
	4,623,649	2,239,827

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

11. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates.

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

This account represents non-interest bearing advances which are unsecured and have no fixed terms of repayment.

13. SHARE CAPITAL

	<u>2016</u> HK\$	<u>2015</u> HK\$
Issued and fully paid:		
10,000 ordinary shares with no par value	10,000	10,000

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NOTES ON THE FINANCIAL STATEMENTS

14. DIRECTORS' REMUNERATION: HK\$Nil (2015: HK\$Nil).

15. SALARIES, ALLOWANCES AND OTHER BENEFITS

	<u>2016</u> HK\$	<u>2015</u> HK\$
Salaries and allowances	7,350,095	7,090,869
Contribution to Mandatory Provident Fund	<u>464,965</u>	<u>434,875</u>
	<u>7,815,060</u>	<u>7,525,744</u>

16. RELATED PARTY TRANSACTIONS

The company had the following material transactions with related parties during the year:

- a) The company paid administration charges to its ultimate holding company, The Hong Kong Council of Social Service, amounting to HK\$967,876 (2015: HK\$953,032).
- b) The company received service income from its ultimate holding company, The Hong Kong Council of Social Service and a fellow subsidiary company, Internet Learning Resource Centre Limited, amounting to HK\$1,073,540 (2015: HK\$1,421,000) and HK\$700,000 (2015: HK\$700,000) respectively.
- c) The company sold goods and provided IT consultancy service to its fellow subsidiaries, Internet Learning Resource Centre Limited and Building Management Fund amounting to HK\$529,292 and HK\$4,400 respectively (2015: HK\$657,441 and HK\$10,630 respectively), in the ordinary course of business and on an arm's length basis.
- d) The company received training course income from a fellow subsidiary company, Internet Learning Resource Centre Limited, amounting to HK\$Nil (2015: HK\$1,810).
- e) The company paid room maintenance expense to its ultimate holding company, The Hong Kong Council of Social Service, amounting to HK\$2,760 (2015: rent and room maintenance expense of HK\$2,760).
- f) Balance with The Hong Kong Council of Social Service are described in note (12) on the financial statements.

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NOTES ON THE FINANCIAL STATEMENTS

16. RELATED PARTY TRANSACTIONS (CONT'D)

- g) Included in accounts receivable was an amount of HK\$1,247,755 (2015: HK\$116,454) due from its ultimate holding company, The Hong Kong Council of Social Service, and HK\$228 (2015: HK\$Nil) due from its fellow subsidiary company, Building Management Fund, which represents sales of IT supplies and services.
- h) The company sold IT supplies and services to certain executive committee members and member agencies of its ultimate holding company, The Hong Kong Council of Social Service. Certain executive committee members of the ultimate holding company are directors or executive members of these member agencies. The transactions were conducted on an arm's length basis.
- i) The company's key management personnel included directors of the company and a general manager. No remuneration was payable to the directors except for the remuneration of the general manager was borne by its ultimate holding company, The Hong Kong Council of Social Service during the year.

In the opinion of the directors, the above-mentioned transactions were conducted on normal commercial terms.

17. ULTIMATE HOLDING COMPANY

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

