

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

REPORT OF THE EXECUTIVE COMMITTEE
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2016

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 31st March, 2016.

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.

ACCOUNTS

The financial performance of the Association for the year ended 31st March, 2016 and the financial position of the Association at 31st March, 2016 are set out in the financial statements on pages 4 to 19.

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, the rest 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 or 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).

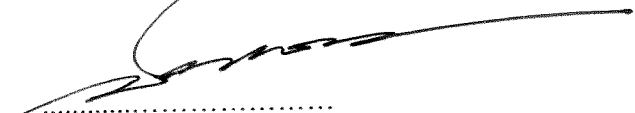
MANAGEMENT CONTRACTS

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.

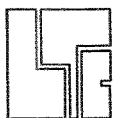
AUDITORS

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


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CHAN Bernard Charnwut
Executive Committee Member

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 MEMBERS OF INTERNET LEARNING RESOURCE CENTRE LIMITED**
(incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of Internet Learning Resource Centre Limited ("the Association") set out on pages 4 to 19, which comprise the statement of financial position as at 31st March, 2016, and the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

EXECUTIVE COMMITTEE MEMBERS' RESPONSIBILITY 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 the 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 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.

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 executive committee members, 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 Association 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)(ii) concerning the basis of preparation of the financial statements by the executive committee members. At 31st March, 2016, the Association had net liabilities of HK\$550,391. The ultimate holding company has confirmed its present intention to provide continuing financial support to the Association 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.

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

26 SEP 2016

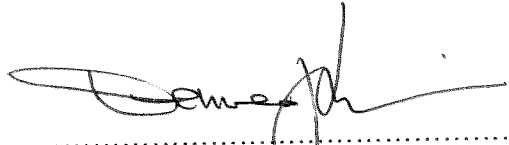
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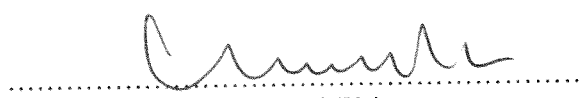
INTERNET LEARNING RESOURCE CENTRE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2016

	<u>Note</u>	HK\$	2016 HK\$	2015 HK\$ (restated)
NON-CURRENT ASSETS				
Property, plant and equipment	10		212,658	666,432
Accounts receivable	11		369,335	607,964
Grant receivable			<u>2,599,041</u>	<u>2,111,175</u>
			3,181,034	3,385,571
CURRENT ASSETS				
Inventories	12	-		14,040
Accounts receivable	11	1,099,065		1,197,716
Deposits, prepayments and other receivable		29,968		169,374
Cash and bank balances		<u>4,067,879</u>		<u>2,922,869</u>
		5,196,912		4,303,999
CURRENT LIABILITIES				
Bank overdraft (unsecured)		-		413,692
Fees received in advance		4,122,325		2,728,551
Accounts payable		462,096		469,139
Accrued expenses		546,423		591,872
Amount due to The Hong Kong Council of Social Service	13	1,000,000		1,000,000
Deferred income	3(g)	212,658		666,432
Project fund not yet utilised		<u>2,584,835</u>		<u>2,452,347</u>
		8,928,337		8,322,033
NET CURRENT LIABILITIES			<u>(3,731,425)</u>	<u>(4,018,034)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(550,391)	(632,463)
NON-CURRENT LIABILITIES				
Fees received in advance			-	(11,163)
NET LIABILITIES			<u>(550,391)</u>	<u>(643,626)</u>
Representing:				
ACCUMULATED DEFICIT			<u>(550,391)</u>	<u>(643,626)</u>

The financial statements set out on pages 4 to 19 were approved and authorised for issue by the Executive Committee on **26 SEP 2016**


.....
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 31ST MARCH, 2016

	<u>Note</u>	<u>2016</u> HK\$	<u>2015</u> HK\$
REVENUES	7	20,170,545	17,059,468
OTHER INCOME	7	507,952	505,639
COST OF SALES			
Opening inventories		14,040	14,040
Purchases		1,601,304	2,449,049
Less: closing inventories		-	(14,040)
		(1,615,344)	(2,449,049)
Transportation		(9,954)	(17,414)
		(1,625,298)	(2,466,463)
COST OF SERVICES		(4,890,996)	(3,741,934)
PROJECT DEFICIT			
– TRANSFERRED FROM			
PROJECT FUNDS NOT YET UTILISED		313,256	2,661,643
TOTAL INCOME FOR THE YEAR		14,475,459	14,018,353
OPERATING AND ADMINISTRATIVE EXPENSES		(14,382,224)	(13,856,346)
SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8	93,235	162,007

INTERNET LEARNING RESOURCE CENTRE LIMITED
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31ST MARCH, 2016

	<u>Accumulated deficit</u> HK\$
Balance at 1 st April, 2014	(805,633)
Surplus and total comprehensive income for the year	<u>162,007</u>
Balance at 31 st March, 2015 and 1 st April, 2015	(643,626)
Surplus and total comprehensive income for the year	<u>93,235</u>
Balance at 31 st March, 2016	<u><u>(550,391)</u></u>

INTERNET LEARNING RESOURCE CENTRE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2016

	<u>2016</u> HK\$	<u>2015</u> HK\$
OPERATING ACTIVITIES		
Surplus for the year	93,235	162,007
Adjustments for:		
Depreciation	434,736	475,562
Bad debts written off	50,860	46,673
Property, plant and equipment written off	61,160	-
Amortisation of deferred income	(495,896)	(475,562)
Interest income	(56)	(77)
Operating surplus before working capital changes	<u>144,039</u>	<u>208,603</u>
Increase in grant receivable	(487,866)	-
Decrease in inventories	14,040	-
Decrease in accounts receivable	286,420	258,810
Decrease/(increase) in deposits, prepayments and other receivable	139,406	(22,644)
Increase in fees received in advance	1,382,611	521,472
(Decrease)/increase in accounts payable	(7,043)	56,700
(Decrease)/increase in accrued expenses	(45,449)	451,964
Increase/(decrease) in project funds not yet utilized	<u>174,610</u>	<u>(2,661,643)</u>
Cash generated from/(used in) operating activities	<u>1,600,768</u>	<u>(1,186,738)</u>
Interest received	56	77
Net cash generated from/(used in) operating activities	<u>1,600,824</u>	<u>(1,186,661)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(42,122)</u>	<u>(125,945)</u>
Net cash used in investing activity	<u>(42,122)</u>	<u>(125,945)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,558,702	(1,312,606)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>2,509,177</u>	<u>3,821,783</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>4,067,879</u>	<u>2,509,177</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,067,879	2,922,869
Bank overdraft	<u>-</u>	<u>(413,692)</u>
	<u>4,067,879</u>	<u>2,509,177</u>

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Internet Learning Resource Centre Limited (the “Association”) was incorporated on 17th March, 2015 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 several 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 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 period ended 31st March, 2016 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:

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

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:

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) Inventories:

Inventories comprise entirely of stock in trade and are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase which is calculated by using the first-in-first-out method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

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

c) Inventories: (cont'd)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realizable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

d) 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.

e) 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.

f) 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.

INTERNET LEARNING RESOURCE CENTRE LIMITED
NOTES ON THE FINANCIAL STATEMENTS

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

g) 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.

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 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.

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

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

j) 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.

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	
	2016 HK\$	2015 HK\$ (restated)
Grant receivable	2,599,041	2,111,175
Accounts receivable	1,099,065	1,197,716
Deposits and other receivable	4,695	108,474
Cash and bank balances	4,067,879	2,922,869
	<u>7,770,680</u>	<u>6,340,234</u>

Financial liabilities

	Financial liabilities at amortised cost	
	2016 HK\$	2015 HK\$
Bank overdraft (unsecured)	-	413,692
Accounts payables	462,096	469,139
Accrued expenses	546,423	591,872
Amount due to The Hong Kong Council of Social Service	1,000,000	1,000,000
	<u>2,008,519</u>	<u>2,474,703</u>

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

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, bank overdraft (unsecured), 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.

a) Credit risk

The Association's maximum exposure to credit risk in the event of the counterparties failure to perform their obligation as at 31st March, 2016 and 31st March, 2015 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:

	2016		
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Accounts payable	462,096	462,096	462,096
Accrued expenses	546,423	546,423	546,423
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>2,008,519</u>	<u>2,008,519</u>	<u>2,008,519</u>

INTERNET LEARNING 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 HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Bank overdraft (unsecured)	413,692	413,692	413,692
Accounts payable	469,139	469,139	469,139
Accrued expenses	591,872	591,872	591,872
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>2,474,703</u>	<u>2,474,703</u>	<u>2,474,703</u>

c) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31st March, 2016 and 31st March, 2015.

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 deficit.

6. GOVERNMENT GRANTS

On 23rd May, 2011, the Association entered into Funding and Operation Agreement (the "Agreement") for an Internet Learning Support Programme ("the Programme") with the Office of the Government Chief Information Officer of the Government of Hong Kong Special Administrative Region (the "Government") in respect of assisting students from low-income families to undertake internet learning at home. The Government implements the Programme in five years to help eligible families acquire suitable and affordable computers and internet access, and to provide training and technical support.

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

As at 31st March, 2016, the aggregate amount received by the Association was HK\$60,012,294.

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

7. REVENUES AND OTHER INCOME

	<u>2016</u> HK\$	<u>2015</u> HK\$
Revenues		
Government grants from the Office of The Government Chief Information Officer (note 3g)	12,413,093	9,958,216
Donations	798,216	522,707
Sales of hardware and software	1,661,841	2,544,395
Internet access service income (net)	<u>5,297,395</u>	<u>4,034,150</u>
	<u>20,170,545</u>	<u>17,059,468</u>
Other income		
Interest income	56	77
Amortisation of deferred income	495,896	475,562
Sundry income	<u>12,000</u>	<u>30,000</u>
	<u>507,952</u>	<u>505,639</u>

8. SURPLUS FOR THE YEAR

Surplus for the year is arrived at after charging:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Auditors' remuneration	60,800	58,000
Depreciation	434,736	475,562
Operating lease rental on land and building	232,895	294,060
Staff costs		
- Salaries and allowances	6,149,266	5,572,503
- Mandatory provident fund contribution	<u>253,685</u>	<u>209,785</u>
	6,402,951	5,782,288
Bad debts written off (net)	42,410	46,673
Property, plant and equipment written off	61,160	-
Inventories written off	<u>14,040</u>	<u>-</u>

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

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.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Computer equipment HK\$	Total HK\$
For the year ended					
31.3.2015					
Net book value at 1.4.2014	363,700	26,521	77,338	548,490	1,016,049
Additions	-	-	17,861	108,084	125,945
Depreciation for the year	<u>(151,269)</u>	<u>(12,920)</u>	<u>(34,436)</u>	<u>(276,937)</u>	<u>(475,562)</u>
Net book value at 31.3.2015	<u>212,431</u>	<u>13,601</u>	<u>60,763</u>	<u>379,637</u>	<u>666,432</u>
As at 31.3.2015					
Cost	756,347	64,601	152,381	1,407,940	2,381,269
Accumulated depreciation	<u>(543,916)</u>	<u>(51,000)</u>	<u>(91,618)</u>	<u>(1,028,303)</u>	<u>(1,714,837)</u>
Net book value	<u>212,431</u>	<u>13,601</u>	<u>60,763</u>	<u>379,637</u>	<u>666,432</u>
For the year ended					
31.3.2016					
Net book value at 1.4.2015	212,431	13,601	60,763	379,637	666,432
Additions	-	-	-	42,122	42,122
Written off	(61,160)	-	-	-	(61,160)
Depreciation for the year	<u>(151,271)</u>	<u>(12,920)</u>	<u>(30,488)</u>	<u>(240,057)</u>	<u>(434,736)</u>
Net book value at 31.3.2016	<u>-</u>	<u>681</u>	<u>30,275</u>	<u>181,702</u>	<u>212,658</u>
As at 31.3.2016					
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>

Note:

The total cost of property, plant and equipment written off during the year ended 31st March, 2016 was HK\$305,800 (2015: HK\$Nil).

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

11. ACCOUNTS RECEIVABLES

	<u>2016</u> HK\$	<u>2015</u> HK\$
Accounts receivables arising from sales of hardware and software by installments	1,468,400	1,805,680
Less: Portion classified under non-current assets	<u>369,335</u>	<u>607,964</u>
Portion classified under current assets	<u><u>1,099,065</u></u>	<u><u>1,197,716</u></u>

The aging analysis of accounts receivable is as follows:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Neither past due nor impaired	1,420,950	1,780,820
Less than 1 month past due	6,950	7,120
More than 1 month but less than 3 months past due	5,470	3,080
More than 3 months but less than 1 year past due	<u>35,030</u>	<u>14,660</u>
	47,450	24,860
	<u><u>1,468,400</u></u>	<u><u>1,805,680</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. INVENTORIES

	<u>2016</u> HK\$	<u>2015</u> HK\$
Computers stated at cost	-	14,040

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

13. 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.

14. 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 year.

15. 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\$24,750 (2015: HK\$104,091) from Information Technology Resource Centre Limited.
- b) The Association paid administration charges to its fellow subsidiary, Information Technology Resource Centre Limited, amounting to HK\$700,000 (2015: HK\$700,000).
- c) The Association paid training and technical support to its fellow subsidiary, Information Technology Resource Centre Limited, amounting to HK\$2,208 (2015: HK\$1,810).
- d) Expenditures included in various kinds of overheads and expenses, which of HK\$523,604 (2015: HK\$569,397) 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) Balances with The Hong Kong Council of Social Service are described in note (13) on the financial statements.
- f) The Association's key management personnel included executive committee members. Details of executive committee members remuneration are fully disclosed in note (14) on the financial statements.

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

16. 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 31st March, 2016, the Association had total future minimum lease rental payables in respect of office premises under non-cancellable operating leases falling due as follows:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Within one year	-	171,885
In the second to fifth years, inclusive	-	-
	- <u> </u>	171,885 <u> </u>

17. 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.

18. COMPARATIVE FIGURES

Certain comparative figures in the statement of financial position have been reclassified to conform with the current year's presentation.