

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

REPORT OF THE EXECUTIVE COMMITTEE
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2015

INTERNET LEARNING RESOURCE CENTRE LIMITED
(Limited by guarantee)

REPORT OF THE EXECUTIVE COMMITTEE

The executive committee submit to members its report and financial statements for the year ended 31st March, 2015.

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 result of the Association for the year ended 31st March, 2015 and the state of the Association's affairs at 31st March, 2015 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 of the executive committee of the Association (whether made by the Association or otherwise).

AUDITORS

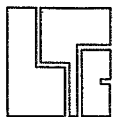
The financial statements have been audited by Messrs. Li, Tang, Chen & Co., who retire but, being eligible, offer themselves for re-appointment.

On behalf of the executive committee



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CHAN Bernard Charnwut
Executive Committee Member

Hong Kong, 21st September, 2015



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

10/F Sun Hung Kai Centre
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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, 2015, 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.

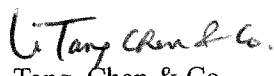
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OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31st March, 2015 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, 2015, the Association had net liabilities of HK\$643,626. 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.

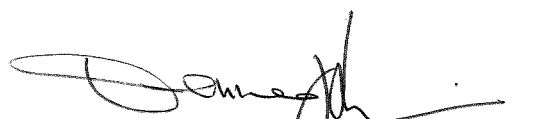

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong
21st September, 2015
RCMC/SMW:mc

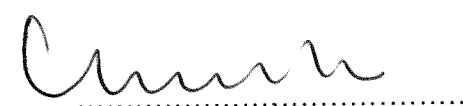
INTERNET LEARNING RESOURCE CENTRE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2015

	<u>Note</u>	HK\$	<u>2015</u> HK\$	<u>2014</u> HK\$
NON-CURRENT ASSETS				
Property, plant and equipment	10		666,432	1,016,049
Accounts receivable	11		<u>607,964</u>	<u>520,416</u>
			1,274,396	1,536,465
CURRENT ASSETS				
Inventories	12	14,040		14,040
Accounts receivable	11	1,197,716		1,590,747
Deposits, prepayments and other receivable		169,374		146,730
Cash and bank balances		<u>2,922,869</u>		<u>3,821,783</u>
		4,303,999		5,573,300
CURRENT LIABILITIES				
Bank overdraft (unsecured)		413,692		-
Fees received in advance		2,728,551		2,215,842
Accounts payable		469,139		412,439
Accrued expenses		591,872		139,908
Amount due to The Hong Kong Council of Social Service	13	1,000,000		1,000,000
Deferred income	3(g)	666,432		1,016,049
Project fund not yet utilized		<u>341,172</u>		<u>3,128,760</u>
		6,210,858		7,912,998
NET CURRENT LIABILITIES			<u>(1,906,859)</u>	<u>(2,339,698)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(632,463)	(803,233)
NON-CURRENT LIABILITIES				
Fees received in advance			<u>(11,163)</u>	<u>(2,400)</u>
NET LIABILITIES			<u>(643,626)</u>	<u>(805,633)</u>
Representing:				
ACCUMULATED DEFICIT			<u>(643,626)</u>	<u>(805,633)</u>

The financial statements set out on pages 4 to 19 were approved and authorised for issue by the Executive Committee on 21st September, 2015


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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, 2015

	<u>Note</u>	<u>2015</u> HK\$	<u>2014</u> HK\$
REVENUES	7	17,059,468	18,420,712
OTHER INCOME	7	505,639	525,139
COST OF SALES			
Opening inventories		-	209,686
Purchases		2,449,049	2,877,842
Less: closing inventories		-	(14,040)
		(2,449,049)	(3,073,488)
Transportation		(17,414)	(13,940)
		(2,466,463)	(3,087,428)
COST OF SERVICES		(3,741,934)	(2,371,621)
PROJECT DEFICIT/(EXCESS PROJECT INCOME) – TRANSFERRED FROM/(TO) PROJECT FUNDS NOT YET UTILISED		<u>2,661,643</u>	<u>(373,868)</u>
TOTAL INCOME FOR THE YEAR		14,018,353	13,112,934
OPERATING AND ADMINISTRATIVE EXPENSES		<u>(13,856,346)</u>	<u>(13,230,222)</u>
SURPLUS/(DEFICIT) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	8	<u>162,007</u>	<u>(117,288)</u>

INTERNET LEARNING RESOURCE CENTRE LIMITED

STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED 31ST MARCH, 2015

	<u>Accumulated deficit</u> HK\$
Balance at 1 st April, 2013	(688,345)
Deficit and total comprehensive loss for the year	<u>(117,288)</u>
Balance at 31 st March, 2014 and 1 st April, 2014	(805,633)
Surplus and total comprehensive income for the year	<u>162,007</u>
Balance at 31 st March, 2015	<u><u>(643,626)</u></u>

INTERNET LEARNING RESOURCE CENTRE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2015

	<u>2015</u> HK\$	<u>2014</u> HK\$
OPERATING ACTIVITIES		
Surplus/(deficit) for the year	162,007	(117,288)
Adjustments for:		
Depreciation	475,562	504,893
Bad debts written off (net)	46,673	145,450
Amortization of deferred income	(475,562)	(510,465)
Interest income	(77)	(74)
Operating surplus before working capital changes	<u>208,603</u>	<u>22,516</u>
Decrease in accounts receivable	258,810	1,299,295
Decrease in amount due from Hong Kong Council of Social Service	-	99,450
(Increase)/decrease in deposits, prepayments and other receivable	(22,644)	30,314
Decrease in inventories	-	195,646
Increase in fees received in advance	521,472	766,810
Increase in accounts payable	56,700	94,546
Increase/(decrease) in accrued expenses	451,964	(757,007)
(Decrease)/increase in project funds not yet utilized	<u>(2,661,643)</u>	<u>373,868</u>
Cash (used in)/generated from operating activities	<u>(1,186,738)</u>	<u>2,125,438</u>
Interest received	77	74
Net cash (used in)/generated from operating activities	<u>(1,186,661)</u>	<u>2,125,512</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(125,945)</u>	<u>(149,965)</u>
Net cash used in investing activity	<u>(125,945)</u>	<u>(149,965)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,312,606)	1,975,547
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,821,783</u>	<u>1,846,236</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>2,509,177</u>	<u>3,821,783</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,922,869	3,821,783
Bank overdraft	<u>(413,692)</u>	<u>-</u>
	<u>2,509,177</u>	<u>3,821,783</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, 2014 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, 2015

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, 2015 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, 2015 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).

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 reporting date are as follows:

Financial assets

	<u>Loans and receivables</u>	
	<u>2015</u>	<u>2014</u>
	HK\$	HK\$
Accounts receivable	1,197,716	1,590,747
Deposits and other receivable	108,474	108,474
Cash and bank balances	<u>2,922,869</u>	<u>3,821,783</u>
	<u>4,229,059</u>	<u>5,521,004</u>

Financial liabilities

	<u>Financial liabilities</u>	
	<u>at amortised cost</u>	
	<u>2015</u>	<u>2014</u>
	HK\$	HK\$
Bank overdraft (unsecured)	413,692	-
Accounts payables	469,139	412,439
Accrued expenses	591,872	139,908
Amount due to The Hong Kong Council of Social Service	<u>1,000,000</u>	<u>1,000,000</u>
	<u>2,474,703</u>	<u>1,552,347</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 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, 2015 and 31st March, 2014 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet. 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:

	<u>2015</u>		
	<u>Carrying</u>	<u>Total</u>	<u>Within</u>
	<u>amount</u>	<u>contractual</u>	<u>1 year or</u>
	<u>HK\$</u>	<u>undiscounted</u>	<u>on demand</u>
		<u>cash flow</u>	<u>HK\$</u>
		<u>HK\$</u>	
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>

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

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

b) Liquidity risk (cont'd)

	2014		
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Accounts payable	412,439	(412,439)	(412,439)
Accrued expenses	139,908	(139,908)	(139,908)
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>1,552,347</u>	<u>(1,552,347)</u>	<u>(1,552,347)</u>

c) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31st March, 2015 and 31st March, 2014.

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.

Upon 31st March, 2015, the aggregate amount received by the Association was HK\$47,599,201.

INTERNET LEARNING RESOURCE CENTRE LIMITED
NOTES ON THE FINANCIAL STATEMENTS

7. REVENUES AND OTHER INCOME

	<u>2015</u> HK\$	<u>2014</u> HK\$
Revenues		
Government grants from the Office of The Government Chief Information Officer (note 3g)	9,958,216	12,491,985
Donations	522,707	490,983
Sales of hardware and software	2,544,395	3,005,568
Internet access service income (net)	<u>4,034,150</u>	<u>2,432,176</u>
	<u>17,059,468</u>	<u>18,420,712</u>
Other income		
Interest income	77	74
Amortization of deferred income	475,562	510,465
Sundry income	<u>30,000</u>	<u>14,600</u>
	<u>505,639</u>	<u>525,139</u>

8. SURPLUS/(DEFICIT) FOR THE YEAR

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

	<u>2015</u> HK\$	<u>2014</u> HK\$
Auditors' remuneration	58,000	57,000
Depreciation	475,562	504,893
Operating lease rental on land and building	294,060	300,543
Staff costs		
- Salaries and allowances	<u>5,572,503</u>	<u>5,054,094</u>
- Mandatory provident fund contribution	<u>209,785</u>	<u>160,072</u>
	5,782,288	5,214,166
Bad debts written off (net)	<u>46,673</u>	<u>145,450</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\$
As at 1.4.2013					
Cost	756,347	64,601	73,720	1,210,691	2,105,359
Accumulated depreciation	<u>(241,378)</u>	<u>(25,160)</u>	<u>(28,699)</u>	<u>(439,145)</u>	<u>(734,382)</u>
Net book value	<u>514,969</u>	<u>39,441</u>	<u>45,021</u>	<u>771,546</u>	<u>1,370,977</u>
For the year ended 31.3.2014					
Net book value at 1.4.2013	514,969	39,441	45,021	771,546	1,370,977
Additions	-	-	60,800	89,165	149,965
Depreciation for the year	<u>(151,269)</u>	<u>(12,920)</u>	<u>(28,483)</u>	<u>(312,221)</u>	<u>(504,893)</u>
Net book value at 31.3.2014	<u>363,700</u>	<u>26,521</u>	<u>77,338</u>	<u>548,490</u>	<u>1,016,049</u>
As at 31.3.2014					
Cost	756,347	64,601	134,520	1,299,856	2,255,324
Accumulated depreciation	<u>(392,647)</u>	<u>(38,080)</u>	<u>(57,182)</u>	<u>(751,366)</u>	<u>(1,239,275)</u>
Net book value	<u>363,700</u>	<u>26,521</u>	<u>77,338</u>	<u>548,490</u>	<u>1,016,049</u>
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>

INTERNET LEARNING RESOURCE CENTRE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

11. ACCOUNTS RECEIVABLES

	<u>2015</u> HK\$	<u>2014</u> HK\$
Accounts receivables arising from sales of hardware and software by installments	1,805,680	2,111,163
Less: Portion classified under non-current assets	<u>607,964</u>	<u>520,416</u>
Portion classified under current assets	<u><u>1,197,716</u></u>	<u><u>1,590,747</u></u>

The aging analysis of accounts receivable is as follows:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Neither past due nor impaired	<u>1,780,820</u>	<u>1,893,973</u>
Less than 1 month past due	7,120	157,280
More than 1 month but less than 3 months past due	3,080	35,580
More than 3 months but less than 1 year past due	<u>14,660</u>	<u>24,330</u>
	<u>24,860</u>	<u>217,190</u>
	<u><u>1,805,680</u></u>	<u><u>2,111,163</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>2015</u> HK\$	<u>2014</u> HK\$
Computers stated at cost	<u>14,040</u>	<u>14,040</u>

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\$104,091 (2014: HK\$25,165) 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 (2014: HK\$660,000).
- c) The Association paid training and technical support to its fellow subsidiary, Information Technology Resource Centre Limited, amounting to HK\$1,810(2014: HK\$26,000).
- d) Expenditures included in various kinds of overheads and expenses, which of HK\$569,397 (2014: HK\$487,882) 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, 2015, the Association had total future minimum lease rental payables in respect of office premises under non-cancellable operating leases falling due as follows:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Within one year	171,885	294,660
In the second to fifth years, inclusive	<u>-</u>	<u>171,885</u>
	<u>171,885</u>	<u>466,545</u>

17. CAPITAL COMMITMENT

As at 31st March, 2015, the outstanding commitments in respect of acquisition of property, plant and equipment were as follows:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Contracted but not provided in the financial statements	-	372,000
Authorised but not contracted for	<u>-</u>	<u>-</u>

18. 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.