



**THE HONG KONG INSTITUTE OF CHARTERED  
SECRETARIES FOUNDATION LIMITED**

**(香港特許秘書基金有限公司)**

(incorporated in Hong Kong and limited by guarantee)

**Report of the Council and  
Financial Statements  
For the year ended 30 June 2019**

**THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES FOUNDATION LIMITED**  
(香港特許秘書基金有限公司)

**REPORT OF THE COUNCIL**

The Council members have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 June 2019.

**PRINCIPAL PLACE OF ACTIVITY**

The Hong Kong Institute of Chartered Secretaries Foundation Limited (“the Foundation”) is an institute incorporated and domiciled in Hong Kong and has its registered office and principal place of activity at 3/F., Hong Kong Diamond Exchange Building, 8 Duddell Street, Central, Hong Kong.

**PRINCIPAL ACTIVITY**

The principal activity of the Foundation is providing awards and/or scholarships and subsidies to people in need to pursue studies in company secretarial and corporate governance and related subjects.

**FINANCIAL STATEMENTS**

The financial performance of the Foundation for the year ended 30 June 2019 and the financial position of the Foundation as at that date are set out in the financial statement on pages 6 to 18.

**COUNCIL MEMBERS**

The Council members who held office during the financial period and up to date of this report are:

Fu Yat Hung David	
Gillian Elizabeth Meller	
Chan Yee Wah	(resigned on 1 January 2019)
Suen Pui Yee	
Gao Wei	
Ngai Wai Fung	(resigned on 1 January 2019)
Tam Kwok Wing	
David John Simmonds	(appointed on 1 January 2019)
Lee Chun Ho	(appointed on 1 January 2019)

In accordance with Article 30 of the Foundation’s Articles of Association, all Council members shall retire, and being eligible, offer themselves for re-election as Council members.

**THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES FOUNDATION LIMITED**  
(香港特許秘書基金有限公司)

**REPORT OF THE COUNCIL**

**INDEMNITY OF COUNCIL MEMBERS**

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Council members of the Foundation is in force throughout this year.

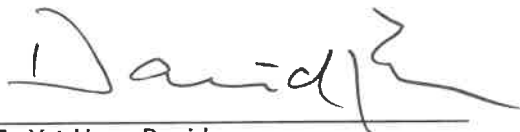
**BUSINESS REVIEW**

No business review is presented for the year ended 30 June 2019 as the Foundation has been able to claim an exemption under s. 388(3) of the Hong Kong Companies Ordinance (Cap. 622).

**AUDITOR**

The financial statements for the year have been audited by BDO Limited, who will retire and, being eligible, seek reappointment at the forthcoming Annual General Meeting of the Foundation.

On behalf of the Council



Fu Yat Hung David  
President

Hong Kong, 27 December 2019

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES  
FOUNDATION LIMITED**

**(香港特許秘書基金有限公司)**

(incorporated in Hong Kong and limited by guarantee)

## Opinion

We have audited the financial statements of The Hong Kong Institute of Chartered Secretaries Foundation Limited ("the Foundation") set out on pages 6 to 18, which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in reserves and funds and statement of cash flows for the year ended 30 June 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as at 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Foundation in accordance with the HKICPA's "Code of Ethics for Professional Accountants" ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The Council members are responsible for the other information. The other information comprises the information included in the Report of the Council.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES  
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**Council Members' Responsibilities for the Financial Statements**

The Council members of the Foundation 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 HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council members are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council members either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES  
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**Auditor's Responsibilities for the Audit of the Financial Statements - Continued**

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council members.
- conclude on the appropriateness of the Council members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



BDO Limited  
Certified Public Accountants  
Tam Kwok Yiu  
Practising Certificate Number: P02575

Hong Kong, 27 December 2019

THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES FOUNDATION LIMITED  
(香港特許秘書基金有限公司)

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019

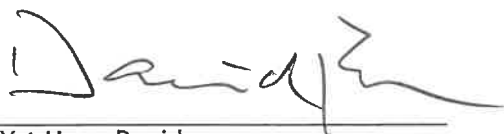
	Note	2019 HK\$	2018 HK\$
Revenue	6	448,860	681,266
Other revenue	7	1,193	1,024
Operating expenses		<u>(371,173)</u>	<u>(644,581)</u>
Surplus and total comprehensive income for the reporting period	8	<u>78,880</u>	<u>37,709</u>

THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES FOUNDATION LIMITED  
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STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019

	Note	2019 HK\$	2018 HK\$
<b>CURRENT ASSETS</b>			
Inventories	11	3,300	4,350
Prepayments		317	317
Bank balances		<u>1,252,846</u>	<u>1,234,856</u>
		<u>1,256,463</u>	<u>1,239,523</u>
<b>CURRENT LIABILITY</b>			
Accrued expenses		<u>133,400</u>	<u>195,340</u>
		<u>133,400</u>	<u>195,340</u>
<b>NET CURRENT ASSETS</b>		<u>1,123,063</u>	<u>1,044,183</u>
<b>NET ASSETS</b>		<u>1,123,063</u>	<u>1,044,183</u>
<b>RESERVES AND FUNDS</b>			
General fund		<u>1,123,063</u>	<u>1,044,183</u>

On behalf of the Council



Fu Yat Hung David  
President



Lee Chun Ho  
Treasurer



THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES FOUNDATION LIMITED  
(香港特許秘書基金有限公司)

STATEMENT OF CHANGES IN RESERVES AND FUNDS  
FOR THE YEAR ENDED 30 JUNE 2019

	<b>General fund HK\$</b>
Balance as at 30 June 2017	1,006,474
Surplus and total comprehensive income for the year ended 30 June 2018	<u>37,709</u>
Balance as at 30 June 2018 and 1 July 2018	1,044,183
Surplus and total comprehensive income for the year ended 30 June 2019	<u>78,880</u>
Balance as at 30 June 2019	<u><u>1,123,063</u></u>

**THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES FOUNDATION LIMITED**  
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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 HK\$	2018 HK\$
<b>Cash flows from operating activities</b>		
Surplus for the reporting period	78,880	37,709
Adjustments for:		
Bank interest income	<u>(1,193)</u>	<u>(24)</u>
Operating surplus before changes in working capital	77,687	37,685
Decrease/(Increase) in inventories	1,050	(4,350)
Increase in prepayments	-	(35)
Decrease in deferred revenue	-	(240,000)
(Decrease)/Increase in accrued expenses	(61,940)	87,840
Decrease in amount due to holding company	<u>-</u>	<u>(15,517)</u>
<b>Net cash generated from/(used in) operating activities</b>	<u>16,797</u>	<u>(134,377)</u>
<b>Investing activities</b>		
Interest received	<u>1,193</u>	<u>24</u>
<b>Cash generated from investing activities</b>	<u>1,193</u>	<u>24</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	17,990	(134,353)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<u>1,234,856</u>	<u>1,369,209</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		
- representing bank balances	<u>1,252,846</u>	<u>1,234,856</u>

**THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES FOUNDATION LIMITED**

(香港特許秘書基金有限公司)

**NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2019**

**1. CORPORATE STATUS AND PRINCIPAL ACTIVITIES**

The Hong Kong Institute of Chartered Secretaries Foundation Limited (the “Foundation”) is incorporated in Hong Kong with liability limited by guarantee under the Hong Kong Companies Ordinance. The registered address is at 3/F., Hong Kong Diamond Exchange Building, 8 Duddell Street, Central, Hong Kong.

The principal activity of the Foundation is providing awards and/or scholarships and subsidies to people in need to pursue studies in company secretarial and corporate governance and related subjects.

The Hong Kong Institute of Chartered Secretaries (“The HKICS”), a company limited by guarantee incorporated in Hong Kong, is the holding company of the Foundation. The Council considers The HKICS to be the ultimate controlling entity.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

**(b) Basis of measurement**

The financial statements have been prepared under the historical cost basis.

**(c) Functional and presentation currency**

The financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Foundation.

**THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES FOUNDATION LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

**(a) Adoption of new or revised HKFRSs - Effective 1 July 2018**

The adoption of the following new or revised standards which are applicable to the Foundation has no significant impact on the Foundation’s financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Revenue from Contracts with Customers (Clarification to HKFRS 15)
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration

Except for HKFRS 9, the adoption of other applicable new or revised HKFRSs does not have any material impact on the Foundation’s financial statements.

**HKFRS 9 - Financial Instruments**

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018.

From 1 July 2018, the Foundation has adopted HKFRS 9 retrospectively without restating comparative information.

The financial assets which were classified as loans and receivables before 1 July 2018 were reclassified as financial assets at amortised cost, which led to changes in accounting policies (Note 4(a)(i)).

Adopting the “expected credit loss model” of impairment of financial assets to replace the “incurred loss model” also led to changes in accounting policies (Note 4(a)(ii)).

Except for the new classification of financial assets under HKFRS 9, the Council members consider that the application of HKFRS 9 has no material impact on the financial statements of the Foundation.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for the Foundation’s financial asset as at 1 July 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 July 2018 under HKAS 39 HK\$	Carrying amount as at 1 July 2018 under HKFRS 9 HK\$
Bank balances	Loans and receivables	Financial assets at amortised cost	12,234,856	12,234,856

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NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2019

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)  
- Continued

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Foundation’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Foundation.

HKFRS 16	Leases <sup>1</sup>
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2020

The Council members anticipate that the application of these new/revised HKFRS will have no material impact on the Foundation’s financial statements in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments (accounting policies applied from 1 July 2018)

(i) Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are initially measured at fair value plus transaction costs.

Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets at amortised cost

The Foundation assesses on a forward-looking basis specific to the debtors and the economic environment, and historical credit loss experience the expected credit loss of financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(a) Financial instruments (accounting policies applied from 1 July 2018) - Continued

(iii) Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred, and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in arriving at the surplus or deficit when the liabilities are derecognised as well as through the amortisation process.

(b) Financial instruments (accounting policies applied until 30 June 2018)

(i) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value plus transaction costs. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

An impairment loss is recognised in profit and loss when there is objective evidence that the financial asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(b) Financial instruments (accounting policies applied until 30 June 2018)  
- Continued

(ii) Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred, and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in arriving at the surplus or deficit when the liabilities are derecognised as well as through the amortisation process.

(c) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents 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.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable. Provided it is probable that the economic benefits will flow to the Foundation and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (i) unconditional donation/sponsorship income is recognised in surplus or deficit in the year in which it was received. Conditional donation/sponsorship income is recognised in the statement of financial position as deferred revenue initially and recognised in surplus or deficit when the conditions are fulfilled; and
- (ii) interest income is recognised as it accrues using the effective interest method.

(e) Related parties

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

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

THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES FOUNDATION LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(e) Related parties - Continued

- (b) An entity is related to the Foundation if any of the following conditions apply:
- (i) The entity and the Foundation 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 the employees of the Foundation or an entity related to the Foundation.
  - (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 key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Foundation or to the parent of the Foundation.

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 and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

(f) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Foundation has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.



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NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2019

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY

In the application of the Foundation's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

6. REVENUE

Revenue represents unconditional donations and sponsorships received during the reporting period.

7. OTHER REVENUE

	2019 HK\$	2018 HK\$
Bank interest income	1,193	24
Sundry income	-	1,000
	<u>1,193</u>	<u>1,024</u>

8. SURPLUS FOR THE REPORTING PERIOD

Surplus for the reporting period is arrived at after charging auditor's remuneration of HK\$15,400 (2018: HK\$16,600).

9. COUNCIL MEMBERS' REMUNERATION

During the year ended 30 June 2019, no fees or other remuneration for serving as a member of the Council have been paid to Council members (2018: Nil).

THE HONG KONG INSTITUTE OF CHARTERED SECRETARIES FOUNDATION LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2019

10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax have been made in the financial statements, as the Foundation is exempt from Hong Kong Profits Tax under section 88 of the Inland Revenue Ordinance.

11. INVENTORIES

Inventories comprised wine charms held for charity sale. The sale proceeds will be used in pursuing the Foundation's principal activities.

12. RELATED PARTY TRANSACTIONS

a) Key management personnel remuneration

Council members are the key management personnel of the Foundation. No remuneration was paid or payable to the Council members for the year ended 30 June 2019 (2018: Nil).

b) During the reporting period, the Foundation had the following material related party transactions:

	2019 HK\$	2018 HK\$
Donation income from The HKICS	<u>429,360</u>	<u>377,466</u>

13. FINANCIAL RISK MANAGEMENT

The Foundation's bank balances are held in a major financial institution in Hong Kong with high credit rating. The Council members do not consider the credit risk is significant.

14. CAPITAL RISK MANAGEMENT

The Foundation's objectives when managing capital are:

- to safeguard the Foundation's ability to continue as a going concern to enable its obligations under the Hong Kong Companies Ordinance are fulfilled; and
- to provide capital for the purpose of strengthening the Foundation's operational efficiency.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**14. CAPITAL RISK MANAGEMENT - Continued**

The Foundation regularly reviews and manages its capital to ensure adequacy for both operational and capital needs. All surpluses are transferred to the general fund for future operational needs.

The Council regularly reviews the need to obtain donations from the holding company and Council members to ensure operational needs are fully covered.

The Council regards the funds and reserves as capital of the Foundation.

**15. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Council on 27 December 2019.