KPMG

Oxfam Hong Kong

樂施會

Report of the Council Members and
Consolidated Financial Statements
for the year ended 31 March 2019

Report of the Council members

The Council members submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2019.

Business review

Objectives of business

Oxfam Hong Kong ("the company") is an independent international development and humanitarian organisation working against poverty and its related injustices. The company and its subsidiary ("the group") recognise that much poverty is caused by injustice and that poverty alleviation requires economic, social and structural change. The group works with people living in poverty and partner organisations on development, humanitarian, policy advocacy and public education programmes.

The group's work builds on its local understanding and identity, and focuses on mainland China, Hong Kong, Macau, Taiwan and other parts of Asia. The group also supports poverty alleviation and humanitarian activities in other parts of the world, where it can make the most valuable difference. The group works with other members of the Oxfam Confederation on international campaigns and programmes supporting people's right to development.

The group is exempted from tax under Section 88 of the Inland Revenue Ordinance.

Main areas of work

Development programmes

The group implements development programmes in impoverished areas to improve people's well-being, especially by strengthening their livelihoods and increasing their resilience to disasters. Through an integrated approach, the group works with local organisations and groups, especially women, to empower them to create positive change in their communities.

Emergencies

The well-being of poor and vulnerable people is at the core of the group's humanitarian and disaster risk management programmes. It integrates risk reduction strategies into its development work to reduce and mitigate disaster risks that threaten the well-being of people living in poverty.

When external help is required to respond to a disaster, the group works with local organisations to save lives; it delivers appropriate emergency relief items directly to affected communities and assists families and communities towards early recovery from disaster.

Business review (continued)

Campaigns and advocacy

Inter alia, poverty is caused by unjust and unfair policies and practices at the level of governments, institutions, corporations, and society in general. The group therefore conducts public campaigns and development education programmes to raise awareness about poverty and its causes and solutions; and develops and proposes pro poor policies.

Internal and external environment

Social responsibility

The group actively advocates for corporate social responsibility in the international and local arena, campaigns against climate change, and calls for transparency and accountability on the part of businesses and governments. It is only right that the group upholds these standards too; as such, with regard to social and environmental responsibility, it has become a signatory to various local, regional and international charters, standards and codes.

Ending poverty through partnership

The group believes poverty can only be eradicated through partnership. It understands the needs of the underprivileged and identifies ways in which stakeholders can contribute and offer support. In practice, the group works hand in hand with people living in poverty, donors, frontline workers, local organisations, governments and the community at large to achieve the ultimate goal of a poverty-free future.

By becoming a monthly donor (i.e. Oxfam Partner), supporters receive the group's newsletters, project updates, invitations to its events and have opportunities to visit the group's projects in mainland China, Hong Kong as well as other areas. The group endeavours to maintain good work relations with local partners by conducting regular meetings. It also focuses on building up the capacity of partners by empowering them to fight for their rights and advocate for better policies. Special emphasis is placed on females in all that the group does in order to raise awareness about gender equality.

Equal opportunity

The group recruits, employs, promotes, transfers and develops its staff members regardless of gender, marital status, family status, sexuality, ethnicity or disability. At the group's headquarters, facilities are accessible for people with disabilities, and other mechanisms are in place to promote equal opportunity. To institutionalise its belief in equity and diversity, the group has established policies related to gender, diversity and sexual harassment, and has a union for its staff members.

Business review (continued)

Risks and uncertainties

Operating in the current economic environment is challenging. In addition, local competition in terms of fundraising is fierce; new markets have to be explored in order to maintain business growth.

Safeguarding

The group has stepped up measures to prevent sexual misconduct by reviewing employees' ethical obligations as well as improving the safeguarding policies to better protect employees, volunteers, and the people it works with. Measures include the establishment of an interdepartmental working group; the setting up of a hotline for whistleblowers on malpractices, and the updating of sexual misconduct and malpractice policies for the group's offices in Hong Kong, mainland China, Macau and Taiwan; regular communication with employees; as well as staff training, to help employees better understand gender justice issues and enhance their ability to respond to these issues.

Further, all employees have signed and are committed to upholding a new code of conduct. The code of conduct sets forth the standard of conduct expected of employees and strictly prohibits them from misusing their power at work to seek personal gain; should they violate the code, they will be subject to disciplinary action. In addition to holding employees accountable to these standards, the group also requires the people and partners who work closely with it to sign a code of conduct for non-employees. The group is also fostering an organisational culture that upholds these values by encouraging employees to prevent inappropriate behaviour and raising its ethical standards.

Future development and strategies

The strategic goals of the group for the coming years are as follows:

- Continue to focus on mainland China under our strategy of "bring Oxfam to China and China to Oxfam" in tackling global poverty.

- Further integrate the One Programme Approach into the group's work at the local, national and international levels, through integrating its development, humanitarian, advocacy and campaigning work, and, where appropriate, development education.

- Fight poverty and related injustices by empowering individuals and communities; focus on sustainable livelihoods and security with flexibility for integrated intervention.

- Establish a unique brand identity and effectively communicate with its stakeholders, partners and the public.

- Improve organisational effectiveness by investing in people, enhancing corporate governance, and developing a sustainable resource allocation strategy.

Business review (continued)

Financial performance

- The group's revenue was HK$234.1 million, which was an 8% or HK$19.5 million decrease from HK$253.6 million in 2017/18.
- Monthly donations from Oxfam Partners amounted to HK$153.0 million – a decrease of 5% or HK$7.6 million from last year.
- Income from Oxfam Trailwalker amounted to HK$38.3 million, while that from the Oxfam Rice Event in Hong Kong and Macau amounted to HK$2.6 million.
- The group's investment in programmes this year amounted to HK$177.4 million, which represented 80% of the group's total expenditure.
- Management and administration costs, and fundraising and marketing costs amounted to HK$8.1 million and HK$34.3 million respectively, representing 4% and 15% of the group's total expenditure – reduction of 10% and 6% year-on-year.

Continuous Public Support

The group is grateful for the generosity of its donors who have continued to support it under this challenging fundraising environment.

Donations from the public amounted to HK$223.9 million, which represented 96% of its total revenue. This was 5% or HK$12.4 million less than last year.

Monthly donations from Oxfam Partners amounted to HK$153.0 million this year, which is a 5%, or HK$7.6 million decrease from last year.

Donations from its largest event – the Oxfam Trailwalker – amounted to HK$38.3 million, while income from the Oxfam Rice Event in Hong Kong and Macau amounted to HK$2.6 million.

This year, the group raised HK$4.7 million from the public for disaster relief work. This includes the HK$2.5 million for its response to the earthquake and tsunami in Indonesia, HK$0.8 million for the cyclones in Southern Africa and HK$0.5 million for the famine in Africa.

In 2018/19, the group received HK$8.2 million from the Government of the Hong Kong Special Administrative Region. The Disaster Relief Fund Advisory Committee granted it HK$6.3 million, including HK$5.6 million for the flood in India and HK$0.7 million for the flood in mainland China. Further, the group received HK$1.3 million from the Government to support its projects in Hong Kong and HK$0.7 million to support the operation of the Oxfam Shop.

The group's total revenue was HK$234.1 million, which was an 8% or HK$19.5 million decrease from HK$253.6 million in 2017/18. This was mainly due to the Haiti incident that was reported in 2018.

Business review (continued)

Investment in programmes

A total of HK$177.4 million was spent on programmes this year, which represented 80% of the group's total expenditure.

During the year, the group contributed HK$12.5 million to respond to emergencies. It spent HK$5.9 million on its response to the flood in India, HK$2.2 million for the earthquake and tsunami in Indonesia, HK$1.0 million for the Bangladesh Rohingya Crisis, HK$0.7 million for the floods in mainland China and HK$0.5 million for the Ebola crisis. The rest was spent on recurrent emergencies such as cyclical and climate-related disasters in mainland China, Africa and other places around the world.

The group categorises its programme expenditure by External Change Goals; the goal the group invested in most was Active Citizens, which amounted to HK$44.2 million, or 25% of its total expenditure. Through this goal, it aims to promote the civil and political rights of people – in particular, those of women, the youth and the poor – and empower civil society. The group's spending on the goal Financing for Development and Universal Essential Services amounted to HK$41.4 million. Through this goal, it aims to improve people's access to quality health care and education. The group also spent HK$25.8 million on the goal Sustainable Food. Through this goal, more people in rural poverty would enjoy greater food security.

Reserves

The group's Reserves Policy requires that it holds general reserves equivalent to a total of three to six months of total unrestricted expenditures to provide leeway for significant and unexpected downturn in revenue, so as to ensure that its programmes can continue as planned.

In 2018/19, the group recorded a surplus of HK$11.3 million. At the end of the financial year, its reserves stood at HK$115.0 million, which is within the optimum range as per the group's Reserves Policy.

The group's reserves were mainly comprised of the following elements: HK$50.5 million in property, plant and equipment; HK$64.2 million in cash; and HK$1.6 million in investments. This demonstrates that the group has been able to maintain and ensure its financial health.

Accountability measures

Management and administration costs – the costs required to run and maintain the group – decreased by 10% from last year. These expenses contributed to the group's governance, financial management, information technology systems, audit and legal services.

Fundraising and marketing costs include the cost of all activities aimed at raising donations, conducting market research, registering new donors, and issuing receipts to donors. These expenses decreased by 6% from last year.

Business review (continued)

Whenever the group makes an appeal for a humanitarian disaster, it covers the core operational costs using its central funds, thereby ensuring that every dollar donated by the public goes to the urgent work at hand. A separate account is established for each emergency.

In addition to the Oxfam Confederation Financial Standards, the group also complies with the International Non-Governmental Organisations Accountability Charter.

Internal controls

The Finance, Risk and Audit Committee, chaired by the Treasurer of the Oxfam Hong Kong Council, meets regularly to review and discuss all financial, risk, auditing and internal control issues related to the group. This enables the group to evaluate and improve the effectiveness of its risk management practices, control framework and governance processes.

Green policy

The group seeks to achieve sustainable development for people living in poverty. At the same time, the group needs to be aware of the impact of all of its activities on the environment and on communities.

Throughout the group's work towards a safer, fairer and more sustainable world, it is committed to minimising and continuously reducing the negative impacts of its own operations.

The group considers the impact of every project, operation and activity on the environment and communities. People across the organisation are asked to report on specific data that contributes to the measurement and reporting of corporate key performance indicators. These management routines are set up to be cost effective and sustainable.

Across the organisation, the group applies the principles of reduce, reuse, repair and recycle to minimise its environmental impact.

The group complies with all relevant local legislations and international conventions.

Principal activity

The principal activity of the company is to act as a development and relief agency with the objective of relieving poverty, distress and suffering regardless of nationality, race, political system, religion, gender or colour.

Reserves

Details of movements in the reserves of the company during the year are set out in note 17(a) to the financial statements.

The Council members of the company have adopted a reserve policy based on responsibility for organisational security, and stability of poverty alleviation and relief programmes.

Council members

The Council members of the company during the financial year and up to the date of this report were:

Au, Siu Wai Monica	
Chan, Bernard Charnwut	(retired on 15 September 2018)
Chan, Man Tuen Irene	(appointed on 8 December 2018)
Chesterton, Josephine Mary	
Cheung, Yuk Tong	
Chin, Sherman C	
Fong Po Kiu	(appointed on 9 March 2019)
Leung, Oi Sie Elsie	
Ma, Ka Ming Teresa	
Ma, Kam Wah	(retired on 4 January 2019)
Matsui, Martin Kaoru	
Ng, Wai Huk Allan	
Pun, Ngai	
Sharma, Vivek	
To, Yung Sing Herman	
Wong, Hung	
Xia, Zhong	

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

Au, Siu Wai Monica	
Chan, Bernard Charnwut	
Lai, Wai Leung Dicky	(appointed on 18 May 2019)
Ma, Kam Wah	(retired on 4 January 2019)
Sam, Iat Fong	
Wong, Hung	

In accordance with articles 47 to 49 of the company's articles of association, one-third of the Council members (except the Chairperson) shall retire every year and those who are to retire shall be those who have been longest in office since their last election. All retiring members shall be eligible for re-election.

At no time during the year was the company, or any of its subsidiary a party to any arrangement to enable the Council members of the company to acquire benefits by means of the acquisition of debentures, if any, of the company or any other body corporate.

No transaction, arrangement or contract of significance to which the company, or any of its subsidiary was a party and in which a Council member of the company had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Council

Council member
CHEUNG YUK TONG

0 6 JUL 2019

KPMG

Independent auditor's report to the Council members of Oxfam Hong Kong

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of Oxfam Hong Kong ("the company") and its subsidiary ("the group") set out on pages 12 to 49, which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the group 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.

Information other than the consolidated financial statements and auditor's report thereon

The Council members are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Council members of Oxfam Hong Kong (continued)

(Incorporated in Hong Kong and limited by guarantee)

Responsibilities of the Council members for the consolidated financial statements

The Council members are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Council members determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Council members are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

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Independent auditor's report to the Council members of Oxfam Hong Kong (continued)

(Incorporated in Hong Kong and limited by guarantee)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 group'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 consolidated 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

0 6 JUL 2019

Consolidated statement of comprehensive income for the year ended 31 March 2019

(Expressed in Hong Kong dollars)

	Note	2019	2018 Note (i)
		'000	'000
Income			
Institutional fundraising income	3	$ 8,211	$ 14,439
Public fundraising income	4	223,915	236,346
Interest and investment income	5	405	500
Trading income		680	1,329
Other income		897	1,029
		$ 234,108	$ 253,643
Expenditure			
Programme implementation costs		$ 149,668	$ 192,516
Programme management costs		27,705	29,500
Fundraising and marketing costs	6	34,303	36,607
Management and administration costs		8,114	9,047
Trading costs		1,665	1,396
Loss on investments		542	-
Foreign exchange differences, net		788	1,145
		$ 222,785	$ 270,211
Surplus/(deficit) for the year	7	$ 11,323	$ (16,568)
Other comprehensive income for the year			
Item that may be reclassified subsequently to surplus or deficit:			
Available-for-sale investments: Changes in fair value (Note (ii))		-	696
Total comprehensive income for the year		$ 11,323	$ (15,872)

Notes:

(i) The group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

(ii) This amount arose under the accounting policies applicable prior to 1 April 2018. As part of the opening balance adjustments as at 1 April 2018 the balance of this reserve has been reclassified to operation reserve. See note 2(c)(i).

The notes on pages 19 to 49 form part of these consolidated financial statements.

Consolidated statement of financial position at 31 March 2019

(Expressed in Hong Kong dollars)

	Note	2019 '000	2018 (Note) '000
Non-current assets			
Property, plant and equipment	10	$ 50,508	$ 53,415
Financial investments	11	1,570	14,192
Prepayment	13	7,460	7,152
		$ 59,538	$ 74,759
Current assets			
Inventories	12	$ 3,347	$ 5,435
Prepayments, deposits and other receivables	13	5,568	3,211
Loan to an affiliate	14	-	115
Cash and cash equivalents	15	64,198	44,557
		$ 73,113	$ 53,318
Current liabilities			
Accounts and other payables	16	$ 12,900	$ 11,940
Grants payable	16	3,789	11,687
Deferred revenue		992	803
		$ 17,681	$ 24,430
Net current assets		$ 55,432	$ 28,888
NET ASSETS		$ 114,970	$ 103,647

Consolidated statement of financial position at 31 March 2019 (continued)

(Expressed in Hong Kong dollars)

	Note	*2019*	*2018* (Note)
		'000	'000
Represented by:			
RESERVES	17(b)	$ 114,970	$ 103,647

Approved and authorised for issue by the Council members on 0 6 JUL 2019

) Council member
CHEUNG YUK TONG

) Council member
NG WAI HUK, ALLAN

Note: The group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

The notes on pages 19 to 49 form part of these consolidated financial statements.

Consolidated statement of changes in reserves for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	Africa development fund (Note 17(b)(i)) '000	*China development fund* (Note 17(b)(ii)) '000	*Education fund* (Note 17(b)(iii)) '000	*Smallholder farmers development fund* (Note 17(b)(iv)) '000	*Operation reserve* '000	*Investment revaluation reserve (recycling)* (Note 17(b)(v)) '000	*Total reserves* '000
Balance at 1 April 2017	$ -	$ 1,902	$ 142	$ -	$ 119,300	$ (1,825)	$ 119,519
Changes in reserves for 2018:							
Surplus/(deficit) for the year	$ 856	$ (24,628)	$ (6,445)	$ 679	$ 12,970	$ -	$ (16,568)
Other comprehensive income	-	-	-	-	-	696	696
Total comprehensive income for the year	$ 856	$ (24,628)	$ (6,445)	$ 679	$ 12,970	$ 696	$ (15,872)
Transfers	$ -	$ 23,201	$ 6,303	$ -	$ (29,504)	$ -	$ -
Balance at 31 March 2018 (note)	$ 856	$ 475	$ -	$ 679	$ 102,766	$ (1,129)	$ 103,647
Impact on initial application of HKFRS 9	-	-	-	-	(1,129)	1,129	-
Adjusted balance at 1 April 2018	$ 856	$ 475	$ -	$ 679	$ 101,637	$ -	$ 103,647

Consolidated statement of changes in reserves for the year ended 31 March 2019 (continued)

(Expressed in Hong Kong dollars)

	Africa development fund (Note 17(b)(i)) '000	*China development fund* (Note 17(b)(ii)) '000	*Education fund* (Note 17(b)(iii)) '000	*Smallholder farmers development fund* (Note 17(b)(iv)) '000	*Operation reserve* '000	*Investment revaluation reserve (recycling)* (Note 17(b)(v)) '000	*Total reserves* '000
Adjusted balance at 1 April 2018	$ 856	$ 475	$ -	$ 679	$ 101,637	$ -	$ 103,647
Changes in reserves for 2019:							
Surplus/(deficit) for the year	$ 5,632	$ (9,218)	$ (1,585)	$ (3,088)	$ 19,582	$ -	$ 11,323
Transfers	$ 350	$ 8,743	$ 1,585	$ 2,409	$ (13,087)	$ -	$ -
Balance at 31 March 2019	$ 6,838	$ -	$ -	$ -	$ 108,132	$ -	$ 114,970

Note: The group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

The notes on pages 19 to 49 form part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 March 2019

(Expressed in Hong Kong dollars)

	Note	*2019*	*2018* (Note)
		'000	'000
Operating activities			
Surplus/(deficit) for the year		$ 11,323	$ (16,568)
Adjustments for:			
Bank interest income	5	(99)	(84)
Other interest income	5	(3)	(9)
Depreciation	7(b)	4,699	4,458
Loss on disposals of property, plant and equipment	7(b)	-	5
Dividend income from financial investments	5	(303)	(407)
Exchange loss/(gain)		339	(585)
Bequests income		(1,606)	-
Fair value loss on financial investments	7(b)	542	-
Operating surplus/(deficit) before changes in working capital		$ 14,892	$ (13,190)
Decrease in inventories		1,755	160
Increase in prepayments, deposits and other receivables		(2,357)	(383)
Increase in accounts and other payables		960	1,292
(Decrease)/increase in grants payable		(7,898)	11,687
Increase in deferred revenue		189	606
Net cash generated from operating activities		$ 7,541	$ 172

Consolidated cash flow statement for the year ended 31 March 2019 (continued)

(Expressed in Hong Kong dollars)

	Note	2019 '000	2018 (Note) '000
Investing activities			
Interest received		$ 102	$ 93
Dividends received		303	407
Payment for the purchases of property, plant and equipment		(1,792)	(3,020)
Increase in non-current prepayment		(308)	(7,152)
Decrease in time deposits with original maturity of more than three months when acquired		-	4,850
Proceed from disposal of financial investments		13,686	-
Decrease in loan to an affiliate		109	107
Net cash generated from/(used in) investing activities		$ 12,100	$ (4,715)
Net increase/(decrease) in cash and cash equivalents		$ 19,641	$ (4,543)
Cash and cash equivalents at 1 April		44,557	49,100
Cash and cash equivalents at 31 March	15	$ 64,198	$ 44,557

Note: The group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

The notes on pages 19 to 49 form part of these consolidated financial statements.

Notes to the consolidated financial statements

(Expressed in Hong Kong dollars)

1 Background of the company

Oxfam Hong Kong is incorporated in Hong Kong as a company limited by guarantee. The registered office of the company is located at 17/F, China United Centre, 28 Marble Road, North Point, Hong Kong.

The company is a non-profit making organisation. The company acts as a development and relief agency with the objective of relieving poverty, distress and suffering regardless of nationality, race, political system, religion, gender or colour.

2 Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the company and its subsidiary (together referred to as "the group") are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the consolidated financial statements

These consolidated financial statements for the year ended 31 March 2019 comprise the company and its subsidiary.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except that financial investments are stated at their fair value as explained in the accounting policy in note 2(e).

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

2 Significant accounting policies (continued)

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.

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the group. Of these, the following developments are relevant to the group's financial statements:

(i) HKFRS 9, *Financial instruments*

(ii) HKFRS 15, *Revenue from contracts with customers*

(iii) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

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

(i) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement.* It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The group has recognised the cumulative effect of initial application as an adjustment to the opening reserves at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on operation reserve and investment revaluation reserve (recycling) at 1 April 2018.

		'000
Operation reserve		
Transferred from investment revaluation reserve (recycling) relating to financial assets now measured at FVPL and decrease in operation reserve at 1 April 2018	$	(1,129)
Investment revaluation reserve (recycling)		
Transferred to operation reserve relating to financial assets now measured at FVPL and increase in investment revaluation reserve (recycling) at 1 April 2018	$	1,129

2 Significant accounting policies (continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

A. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the original measurement categories for each class of the group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018 '000	*Reclassification* '000	*HKFRS 9 carrying amount at 1 April 2018* '000
Financial assets carried at FVPL			
Bond index fund investments	$ -	$ 14,192	$ 14,192
Financial assets classified as available-for-sale under HKAS 39 (note)	$ 14,192	$ (14,192)	$ -

Note:

Under HKAS 39, bond index fund investments were classified as available-for-sale financial assets. They are classified as financial assets carried at FVPL under HKFRS 9.

For an explanation of how the group classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see notes 2(e), 2(i) and 2(j).

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

2 Significant accounting policies (continued)

B. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The group applies the new ECL model to the financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

For further details on the group's accounting policy for accounting for credit losses, see note 2(i).

C. Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in operation reserve and investment revaluation reserve (recycling) as at 1 April 2018. Accordingly, the information presented for 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.
- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the group).
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(ii) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

2 Significant accounting policies (continued)

Details of the nature and effect of the changes on previous accounting policies are set out below:

Timing of revenue recognition

Previously, revenue from sales of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

a. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The timing of revenue recognition of the performance obligations identified in the group's contracts continues to be at a point in time as they do not meet any of the 3 situations identified under HKFRS 15 for revenue recognition over time. This does not have any significant impact on its revenue recognition in any particular financial year.

There is no significant impact on the group's financial position and financial result upon initial application at 1 April 2018. Comparative information continues to be reported under HKAS 18.

(iii) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the group.

2 Significant accounting policies (continued)

(d) Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the company has power, only substantive rights (held by the group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

(e) Other investments in debt and equity securities

Investments in debt and equity securities are recognised/derecognised on the date the group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in surplus or deficit. For an explanation of how the group determines fair value of financial instruments, see note 18(e). These investments are subsequently accounted for as follows, depending on their classification.

(A) Policy applicable from 1 April 2018

Investments other than equity investments

Non-equity investments held by the group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(n)(v)).

- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in surplus or deficit of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from reserves to surplus or deficit.

2 Significant accounting policies (continued)

- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in surplus or deficit.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to operation reserve. It is not recycled through surplus or deficit. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in surplus or deficit as other income in accordance with the policy set out in note 2(n)(iv).

(B) Policy applicable prior to 1 April 2018

Investments in securities held for trading were classified as financial assets measured at FVPL. Any attributable transaction costs were recognised in surplus or deficit as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in surplus or deficit.

Dated debt securities that the group had the positive ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated at amortised cost (for impairment see note 2(i) – policy applicable prior to 1 April 2018).

Investments which did not fall into any of the above categories were classified as available-for-sale financial assets. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in reserves in the fair value reserve (recycling). Dividend income from equity investments and interest income from debt securities calculated using the effective interest method were recognised in surplus or deficit in accordance with the policies set out in notes 2(n)(iv) and 2(n)(v), respectively. Foreign exchange gains and losses arising from debt securities were also recognised in surplus or deficit. When the investments were derecognised or impaired (see note 2(i) - policy applicable prior to 1 April 2018), the cumulative gain or loss recognised in reserves was reclassified to surplus or deficit.

2 Significant accounting policies (continued)

(f) Property, plant and equipment

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using straight-line method over their estimated useful lives as follows:

– Leasehold land under finance lease	Over the lease term
– Buildings	50 years
– Leasehold improvements	Over the shorter of the lease term and 5 years
– Furniture and fixtures	5 years
– Computer equipment	4 years
– Office equipment and motor vehicles	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in surplus or deficit if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in surplus or deficit on the date of retirement or disposal.

2 Significant accounting policies (continued)

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the group

Assets that are held by group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the group will obtain ownership of the asset, the life of the asset, as set out in note 2(f). Finance charges implicit in the lease payments are charged to surplus or deficit over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to surplus or deficit in the accounting period in which they are incurred.

2 Significant accounting policies (continued)

(iii) Operating lease charges

Where the group has the use of assets held under operating leases, payments made under the leases are charged to surplus or deficit in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in surplus or deficit as an integral part of the aggregate net lease payments made. Contingent rentals are charged to surplus or deficit in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term. Impairment losses are recognised in accordance with the accounting policy set out in note 2(f).

(h) Inventories

Inventories are assets which are held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the rendering of services.

Inventories represents humanitarian supplies and trading goods. Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable 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.

When humanitarian supplies and trading goods are utilised or sold, the carrying amount of those inventories are recognised and included in programme implementation costs and trading costs.

Obsolete inventories are written off. The amount of any write-down of inventories to net realisable 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 any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 Significant accounting policies (continued)

(i) Receivables

A receivable is recognised when the group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

(A) Policy applicable from 1 April 2018

The loss allowance is measured at an amount equal to lifetime expected credit losses (ECLs), which are those losses that are expected to occur over the expected life of the receivables. The loss allowance is estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in surplus or deficit. The group recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of the receivables through a loss allowance account.

The gross carrying amount of the receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(B) Policy applicable prior to 1 April 2018

Impairment losses were recognised when there was objective evidence of impairment and were measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting was material. Objective evidence of impairment included observable data that came to the attention of the group about events that had an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

When the recovery of receivable was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in surplus or deficit.

2 Significant accounting policies (continued)

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.

(k) Accounts and other payables

Accounts and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Employment benefits

Salaries, gratuities, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(m) Provisions and contingent liabilities

Provisions are recognised when the group or the company have a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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, whose existence 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.

(n) Revenue and other income

Income is classified by the group as revenue when it arises from the sale of goods, the compliance of conditions attached to fundraising arrangement or the entitlement to the donations in the ordinary course of the group's operation.

Revenue is recognised when control over a product is transferred to the customer at the amount of promised consideration to which the group is expected to be entitled, excluding those amounts collected on behalf of third parties, or when it is probably that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

2 Significant accounting policies (continued)

Further details of the group's revenue and other income recognition policies are as follows:

(i) Institutional fundraising income

Institutional fundraising income is designated for specific purposes and recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the group will comply with the conditions, if any, attached to them. Grants that compensate the group for expenses incurred are recognised as income in surplus or deficit on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the group for the cost of an asset are recognised in surplus or deficit on a systematic basis over the useful life of the asset.

(ii) Public fundraising income

Public fundraising income is recognised when the group becomes entitled to the donations and it is probable that they will be received, which is generally upon the receipt of cash. Any surplus of receipts over expenditure on the group's activities are classified as accounts payable under current liabilities if refundable to respective donors and reserve funds if repayment is not required by donors.

(iii) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis.

Revenue from sales of goods was recognised on a similar basis in the comparative period under HKAS 18.

(iv) Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of the financial assets.

(o) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in surplus or deficit.

2 Significant accounting policies (continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from exchange reserve to surplus or deficit when the surplus or deficit on disposal is recognised.

(p) Related parties

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

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

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

- (i) The entity and the group 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 group or an entity related to the group.
- (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).

2 Significant accounting policies (continued)

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

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.

3 Institutional fundraising income

	2019 '000	*2018* '000
Government	$ 8,211	$ 14,439

4 Public fundraising income

	2019 '000	*2018* '000
Oxfam Partner	$ 152,970	$ 160,594
Oxfam Trailwalker event (note (i))	38,310	39,859
Humanitarian appeals	4,660	5,960
Oxfam Rice event	2,593	4,056
Other public fundraising income (note(ii))	25,382	25,877
	$ 223,915	$ 236,346

Notes:

(i) Includes total income of $19,535,000 (2018: $20,211,000) from those donors for Oxfam Trailwalker who have attained a specified donation threshold and are eligible for the lottery draw of Oxfam Trailwalker.

(ii) During the year, donation income of $1,053,000 (2018: $Nil), $Nil (2018: $1,300,000) and $1,089,000 (2018: $1,757,000) were received from The Hong Kong Jockey Club Charities Trust, Credit Suisse (Hong Kong) Limited and The D.H. Chen Foundation respectively which were included in other public fundraising income.

5 Interest and investment income

	2019 '000	*2018* '000
Bank interest income	$ 99	$ 84
Dividend income	303	407
Other interest income	3	9
	$ 405	$ 500

6 Fundraising and marketing costs

	2019 '000	2018 '000
Lottery event for Oxfam Trailwalker	$ 7	$ 6
Other fundraising and communication costs	34,296	36,601
	$ 34,303	$ 36,607

7 Surplus/(deficit) for the year

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

	2019 '000	2018 '000
(a) Staff costs		
Salaries, wages and other benefits*	$ 58,775	$ 62,242
Contributions to defined contribution retirement plan*	2,966	3,140
	$ 61,741	$ 65,382
(b) Other items		
Depreciation*	$ 4,699	$ 4,458
Operating lease charges in respect of land and buildings*	3,754	3,650
Auditors' remuneration	544	516
Cost of inventories expensed	2,007	2,880
Loss on disposals of property, plant and equipment	-	5
Fair value loss on financial investments	542	-

* The respective amounts were consistently included in programme implementation costs, programme management costs, fundraising and marketing costs, trading costs and management and administration costs according to the basis determined by the management:

7 Surplus/(deficit) for the year (continued)

2019

		Programme implementation costs '000	Programme management costs '000	Fundraising and marketing costs '000	Trading costs '000	Management and administration costs '000	Total '000
(a)	***Staff costs***						
	Salaries, wages and other benefits	$ 25,815	$ 12,147	$ 15,898	$ 918	$ 3,997	$ 58,775
	Contributions to defined contribution retirement plan	638	1,100	1,009	39	180	2,966
		$ 26,453	$ 13,247	$ 16,907	$ 957	$ 4,177	$ 61,741
(b)	***Other items***						
	Depreciation	$ 567	$ 1,413	$ 2,274	$ 305	$ 140	$ 4,699
	Operating lease charges in respect of land and buildings	672	2,199	680	77	126	3,754

2018

		Programme implementation costs '000	Programme management costs '000	Fundraising and marketing costs '000	Trading costs '000	Management and administration costs '000	Total '000
(a)	***Staff costs***						
	Salaries, wages and other benefits	$ 26,113	$ 13,183	$ 17,594	$ 652	$ 4,700	$ 62,242
	Contributions to defined contribution retirement plan	679	1,113	1,061	25	262	3,140
		$ 26,792	$ 14,296	$ 18,655	$ 677	$ 4,962	$ 65,382
(b)	***Other items***						
	Depreciation	$ 507	$ 1,546	$ 2,128	$ 131	$ 146	$ 4,458
	Operating lease charges in respect of land and buildings	436	1,876	712	172	454	3,650

8 Taxation

No provision for taxation is required in these consolidated financial statements as the company is exempt from taxation pursuant to section 88 of the Hong Kong Inland Revenue Ordinance during the current and prior year.

No provision for taxation is required in these consolidated financial statements as the subsidiary is exempt from taxation pursuant to the law no. 11/96/M of the laws of Macau during the current year and prior year.

9 Council members' emoluments

Council members' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, for the year is $Nil (2018: $Nil).

10 Property, plant and equipment

	Land and buildings '000	*Leasehold improvements* '000	*Furniture and fixtures* '000	*Computer equipment* '000	*Office equipment and motor vehicles* '000	*Total* '000
Cost:						
At 1 April 2017	$ 64,614	$ 5,310	$ 866	$ 15,826	$ 3,740	$ 90,356
Additions	-	778	8	2,192	42	3,020
Disposals	-	(345)	(8)	(301)	(48)	(702)
At 31 March 2018	$ 64,614	$ 5,743	$ 866	$ 17,717	$ 3,734	$ 92,674
At 1 April 2018	$ 64,614	$ 5,743	$ 866	$ 17,717	$ 3,734	$ 92,674
Additions	-	-	-	1,745	47	1,792
Disposals	-	(3)	(18)	(223)	(18)	(262)
At 31 March 2019	$ 64,614	$ 5,740	$ 848	$ 19,239	$ 3,763	$ 94,204
Accumulated depreciation:						
At 1 April 2017	$ (16,433)	$ (5,094)	$ (825)	$ (10,235)	$ (2,911)	$ (35,498)
Charge for the year	(1,292)	(212)	(10)	(2,555)	(389)	(4,458)
Written back on disposals	-	345	4	300	48	697
At 31 March 2018	$ (17,725)	$ (4,961)	$ (831)	$ (12,490)	$ (3,252)	$ (39,259)
At 1 April 2018	$ (17,725)	$ (4,961)	$ (831)	$ (12,490)	$ (3,252)	$ (39,259)
Charge for the year	(1,292)	(385)	(9)	(2,786)	(227)	(4,699)
Written back on disposals	-	3	18	223	18	262
At 31 March 2019	$ (19,017)	$ (5,343)	$ (822)	$ (15,053)	$ (3,461)	$ (43,696)
Net book value:						
At 31 March 2019	$ 45,597	$ 397	$ 26	$ 4,186	$ 302	$ 50,508
At 31 March 2018	$ 46,889	$ 782	$ 35	$ 5,227	$ 482	$ 53,415

The group's land held under a finance lease included in property, plant and equipment with a net carrying amount of $26,323,000 (2018: $27,056,000) is situated in Hong Kong and is held under a long-term lease for 75 years.

11 Financial investments

	31 March 2019 '000	1 April 2018 '000	31 March 2018 '000
Hong Kong listed equity instruments, at FVPL	$ 1,570	$ -	$ -
Hong Kong listed bond index fund investments, at FVPL	-	14,192	-
Hong Kong listed bond index fund investments (note)	-	-	14,192
	$ 1,570	$ 14,192	$ 14,192

Note: Bond index fund investments listed in Hong Kong classified as available-for-sale under HKAS 39 were reclassified to bond index fund investments listed in Hong Kong at FVPL upon the initial application of HKFRS 9 at 1 April 2018 (see note 2(c)(i)).

12 Inventories

	2019 '000	2018 '000
Humanitarian supplies	$ 3,298	$ 5,320
Trading goods	49	115
	$ 3,347	$ 5,435

The analysis of the amount of inventories recognised as an expense and included in surplus or deficit is as follows:

	2019 '000	2018 '000
Carrying amount of inventories consumed	$ 1,795	$ 2,724
Carrying amount of inventories sold	212	156
	$ 2,007	$ 2,880

13 Prepayments, deposits and other receivables

	2019 '000	2018 '000
Prepayments, deposits and other receivables	$ 13,028	$ 10,363
Less: non-current prepayment	(7,460)	(7,152)
	$ 5,568	$ 3,211

All of the prepayments, deposits and other receivables, apart from non-current prepayment, are expected to be recovered or recognised as expense within one year.

14 Loan to an affiliate

The balance is unsecured, interest-bearing at 5% per annum and repayable within one year.

15 Cash and cash equivalents

Cash and cash equivalents comprise:

	2019 '000	2018 '000
Cash at bank and on hand	$ 54,198	$ 44,557
Time deposits with original maturity of less than three months when acquired	10,000	-
Cash and cash equivalents as stated in the consolidated statement of financial position	$ 64,198	$ 44,557

16 Accounts and other payables and grants payable

	2019 '000	2018 '000
Accounts payable	$ 1,325	$ 1,422
Other payables and accrued charges	11,575	10,518
	$ 12,900	$ 11,940
Grants payable	$ 3,789	$ 11,687

All of the accounts and other payables and grants payable are expected to be settled or recognised as income within one year or are repayable on demand.

17 Reserves

(a) *Movements in components of reserves*

The reconciliation between the opening and closing balances of each component of the group's consolidated reserves is set out in the consolidated statement of changes in reserves. Details of the changes in the company's individual components of reserves between the beginning and the end of the year are set out below:

The company

	Africa development fund (Note 17(b)(i)) '000	*China development fund* (Note 17(b)(ii)) '000	*Education fund* (Note 17(b)(iii)) '000	*Smallholder farmers development fund* (Note 17(b)(iv)) '000	*Operation reserve* '000	*Investment revaluation reserve (recycling)* (Note 17(b)(v)) '000	*Total reserves* '000
Balance at 1 April 2017	$ (5,356)	$ (8,494)	$ (4,465)	$ -	$ 109,622	$ (1,825)	$ 89,482
Changes in reserves for 2018:							
Surplus/(deficit) for the year	$ 2,905	$ (14,584)	$ (4,902)	$ (370)	$ 14,194	$ -	$ (2,757)
Other comprehensive income	-	-	-	-	-	696	696
Total comprehensive income for the year	$ 2,905	$ (14,584)	$ (4,902)	$ (370)	$ 14,194	$ 696	$ (2,061)
Transfers	$ -	$ 23,201	$ 6,303	$ -	$ (29,504)	$ -	$ -
Balance at 31 March 2018 (note)	$ (2,451)	$ 123	$ (3,064)	$ (370)	$ 94,312	$ (1,129)	$ 87,421
Impact on initial application of HKFRS 9	-	-	-	-	(1,129)	1,129	-
Adjusted balance at 1 April 2018	$ (2,451)	$ 123	$ (3,064)	$ (370)	$ 93,183	$ -	$ 87,421

17 Reserves (continued)

(a) *Movements in components of reserves (continued)*

	Africa development fund (Note 17(b)(i)) '000	*China development fund* (Note 17(b)(ii)) '000	*Education fund* (Note 17(b)(iii)) '000	*Smallholder farmers development fund* (Note 17(b)(iv)) '000	*Operation reserve* '000	*Investment revaluation reserve (recycling)* (Note 17(b)(v)) '000	*Total reserves* '000
At 1 April 2018	$ (2,451)	$ 123	$ (3,064)	$ (370)	$ 93,183	$ -	$ 87,421
Changes in reserves for 2019:							
Surplus/(deficit) for the year	$ 1,633	$ (13,006)	$ (5,388)	$ (4,720)	$ 16,058	$ -	$ (5,423)
Transfers	$ -	$ 8,743	$ 1,585	$ 2,408	$ (12,736)	$ -	$ -
At 31 March 2019	$ (818)	$ (4,140)	$ (6,867)	$ (2,682)	$ 96,505	$ -	$ 81,998

Note: The company has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

17 Reserves (continued)

(b) Nature and purpose of reserves

Reserves are defined as resources that the group has or can make available to spend for charitable purposes once the group has met its commitments and covered its other planned expenditure. The group follows a reserve policy approved and reviewed annually by the Council. The current policy includes a statement that the group will hold general reserves (net of property, plant and equipment) equivalent to a total of three to six months' unrestricted expenditure that includes both grants and operational expenditure, based on the approved budget. The management confirmed that such a policy had been complied with during the year.

Donation income is initially recorded in the respective funds according to the designated purpose of the donors.

(i) Africa development fund

The Africa development fund represents a commitment towards long-term development work and emergency relief in Africa. Expenses of the Africa development fund include a portion of programme development, management and administration and fundraising costs to reflect the level of activity in connection with the operation of the fund. In prior year, there was a deficit in this fund which was replenished by transferring funds from the operation reserve.

(ii) China development fund

The China development fund represents a commitment towards long-term development work and emergency relief in China. Expenses of the China development fund include a portion of programme development, management and administration and fundraising costs to reflect the level of activity in connection with the operation of the fund. During the current and the prior year, there was a deficit in this fund which was replenished by transferring funds from the operation reserve.

(iii) Education fund

The Education fund represents a commitment towards long-term education work in Africa, China and other countries in Asia. Expenses of the Education fund include a portion of programme development, management and administration and fundraising costs to reflect the level of activity in connection with the operation of the fund. During the current and the prior year, there was a deficit in this fund which was replenished by transferring funds from the operation reserve.

17 Reserves (continued)

(iv) Smallholder farmers development fund

The Smallholder farmers development fund represents a commitment towards long-term development work for smallholder farmers. Expenses of the Smallholder farmers development fund include a portion of programme development, management and administration and fundraising costs to reflect the level of activity in connection with the operation of the fund.

Apart from the above specific funds, all the group's unrestricted funds are included in the operation reserve.

(v) Investment revaluation reserve (recycling)

Prior to 1 April 2018, the investment revaluation reserve comprises the cumulative net change in fair value of available-for-sale investments held at the end of reporting period in accordance with HKAS 39 and the accounting policy in note 2(e). This amount has been reclassified to operation reserve upon the initial adoption of HKFRS 9 at 1 April 2018 (see note 2(c)(i)).

18 Financial instruments

Exposure to credit, liquidity, currency and equity price risks arises in the normal course of the group's operations. The group's exposure to these risks and the financial risk management policies and practices used by the group to manage these risks are described below.

(a) Credit risk

The group's credit risk is primarily attributable to cash and cash equivalents and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The group's bank deposits and cash and cash equivalents are placed with major financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The group does not provide any guarantees which would expose the group to credit risk.

(b) Liquidity risk

The group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

18 Financial instruments (continued)

(c) Currency risk

The group's operations are principally conducted in Hong Kong and has limited exposure to currency risks which arise from foreign currency receipts and payments for programmes implemented overseas.

(d) Equity price risk

The group is exposed to listed equity instruments price risk because investments held by the group for non-trading purpose are classified as financial investments (see note 11). The group's listed investments are listed on The Stock Exchange of Hong Kong Limited.

The group does not actively trade in equity investments and in the opinion of the Council member, the equity price risk related to trading activities to which the group is exposed to is not material. Accordingly, no quantitative market risk disclosures for equity price risk have been prepared.

(e) Fair value measurement

Financial assets and liabilities carried at fair value

The group's financial instruments are measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement.* The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

At 31 March 2018 and 2019, the only financial instruments of the group carried at fair value were financial investments of $1,570,000 (2018: $14,192,000) listed on The Stock Exchange of Hong Kong Limited (see note 11). These instruments are measured at fair value on a recurring basis and their fair value measurements fall into Level 1 of the fair value hierarchy described above.

During the years ended 31 March 2018 and 2019, there were no transfers between level 1 and level 2, or transfers into or out of level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

19 Commitments

(a) Commitments outstanding at 31 March 2019 not provided for in the consolidated financial statements were as follows:

		2019		*2018*
		'000		'000
Contracted for:				
– Programme services to be provided by vendors	$	286	$	185
– Computer software and hardware		1,721		1,178
	$	2,007	$	1,363
Grants commitments	$	33,974	$	55,918

(b) At 31 March 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2019		*2018*
		'000		'000
Within one year	$	273	$	1,109
After one year but within five years		-		140
	$	273	$	1,249

The leases typically run for an initial period of one to three years, with an option to renew the leases when all terms are renegotiated. None of the leases includes contingent rentals.

20 Material related party transactions

(a) Apart from the balance disclosed in note 14 to the consolidated financial statements, the group entered into the following material related party transactions during the year:

	2019 '000	2018 '000
Net grants to Oxfam's affiliates		
Oxfam Great Britain	$ 20,496	$ 35,097
Oxfam India	11,560	12,723
Stichting Oxfam International	10,467	11,836
Oxfam Mexico	4,857	7,745
Oxfam Brazil	2,486	3,941
Oxfam-in-Belgium	3,500	3,647
Oxfam Australia	2,408	2,517
Oxfam Novib	1,051	2,230
Oxfam South Africa	1,588	2,226
Oxfam Japan	128	323
Oxfam America	65	41
	$ 58,606	$ 82,326

(b) Key management personnel remuneration

Key management personnel consists of the Director General, Director of Fundraising, Director of Operations, China Programme Director, Deputy China Programme Director and International Programme Director.

Remuneration for key management personnel is as follows:

	2019 '000	2018 '000
Salaries, allowance and benefits in kind	$ 4,677	$ 5,900
Contributions to defined contribution retirement plan	250	349
	$ 4,927	$ 6,249

21 Statement of financial position of the company

	Note	*2019*	*2018* (Note)
		'000	'000
Non-current assets			
Property, plant and equipment		$ 50,473	$ 53,391
Investment in a subsidiary	21(a)	-	-
Financial investments		1,570	14,192
Non-current prepayment		7,460	7,152
		$ 59,503	$ 74,735
Current assets			
Inventories		$ 3,347	$ 5,435
Prepayments, deposits and other receivables		5,502	3,151
Loan to an affiliate		-	115
Amount due from a subsidiary		-	25
Cash and cash equivalents		45,158	28,176
		$ 54,007	$ 36,902
Current liabilities			
Accounts and other payables		$ 12,795	$ 11,823
Grants payable		3,789	11,687
Deferred revenue		871	706
Amount due to a subsidiary		14,057	-
		$ 31,512	$ 24,216
Net current assets		$ 22,495	$ 12,686
NET ASSETS		$ 81,998	$ 87,421
Represented by:			
RESERVES	17(a)	$ 81,998	$ 87,421

Approved and authorised for issue by the Council members on: 0 6 JUL 2019

) Council member
) CHEUNG YUK TONG

) Council member
) NG WAI HUK, ALLAN

Note: The company has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

21 Statement of financial position of the company (continued)

(a) Investment in a subsidiary

Details of the company's subsidiary at 31 March 2019 are as follows:

Name of company	*Place of incorporation and operation*	*Particulars of share capital*	*Proportion of ownership interest held by the company*	*Principal activity*
Oxfam in Macau (formerly known as "Oxfam Hong Kong - Macau Office")	Macau	Nil (limited by guarantee)	100%	Relief of poverty, distress and suffering

22 Fundraising events requiring Public Subscription Permit from Social Welfare Department

As stipulated by the Laws of Hong Kong, the group applied for Public Subscription Permits ("PSP") from the Social Welfare Department for several fundraising events. The donation results of the following fundraising events have been included in the consolidated statement of comprehensive income.

	2019 '000	*2018* '000
Lunar New Year Fair		
Permit Number	N/A	2018/039/1
Net proceeds (note (i))	$ -	$ 148
Rice Event		
Permit Number	2018/121/1	2017/116/1
Net proceeds (note (ii))	$ 889	$ 1,450

Notes:

(i) The donations raised from this event will be for Oxfam Hong Kong to carry out various integrated development programmes and emergency relief work worldwide.

(ii) The donations raised from this event will be for Oxfam's "Smallholder Farmers Development Fund", which provides aids for smallholder farmers around the world to improve their lives.

23 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the group.

	Effective for accounting periods beginning on or after
HKFRS 16, *Leases*	1 January 2019
Annual Improvements to HKFRSs 2015 - 2017 Cycle	1 January 2019

The group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the group has identified some aspects of the HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the group, and further impacts may be identified before the standard is initially applied in the group's consolidated financial statements for the year ending 31 March 2020. The group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

HKFRS 16, *Leases*

The group enters into some leases as the lessee.

Once HKFRS 16 is adopted, the group will no longer distinguish between finance leases and operating leases when it is the lessee under the lease. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of comprehensive income over the period of the lease.

23 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2019 (continued)

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

As disclosed in note 19(b), at 31 March 2019 the group's future minimum lease payments under non-cancellable operating leases amount to $273,000 for properties, which is payable within one year after the reporting date. There is no significant impact on the group's financial position and financial result upon initial application of HKFRS 16 at 1 April 2018.