



**Oxfam Hong Kong**  
**樂施會**

**Report of the Council Members and  
Consolidated Financial Statements  
for the year ended 31 March 2020**

# 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 2020.

## **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 steps up measures to prevent sexual misconduct by reviewing employees' ethical obligations as well as improving the safeguarding policies to better protect employees, volunteers, and those who receive relief from it. Measures include the establishment of an interdepartmental working group; setting up hotline for whistleblower on malpractices, the update of sexual misconduct and malpractice policies for the 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. All employees sign 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 the 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:

- Fight poverty and related injustices by empowering individuals and communities and developing integrated interventions with focus to:
  - secure and enhance sustainable livelihoods in a just economy;
  - advance gender equality and eliminate gender-based discrimination;
  - alleviate adaption and mitigation of climate impacts on the vulnerable and poor communities;
  - support vulnerable communities to build resilience to disasters and provide life-saving support at the time of emergency.
- Continue to uphold the accountability of the group to its stakeholders, partners and the public through enhanced corporate governance, programme quality and communication of programme outcomes and impacts;
- Allocate resources to meet strategical and development needs through a robust fundraising mechanism;
- Improve organisational effectiveness and efficiency by investing in people and system.

## Business review (continued)

### *Financial performance*

- The group's income was HK\$206.1 million which was 12% or HK\$28.0 million decreased from HK\$234.1 million in 2018/19.
- Monthly donations from Oxfam Partners amounted to HK\$151.5 million – a decrease of 1% or HK\$1.5 million from last year.
- Income from Oxfam Trailwalker still recorded HK\$6.0 million despite the cancellation of the event, while that from the Oxfam Rice Event in Hong Kong and Macau amounted to HK\$2.5 million.
- The investment in programmes the group spent for the year amounted to HK\$172.1 million which represented 79.2% of the group's total expenditure.
- Management and administration costs, and fundraising and marketing costs amounted to HK\$8.4 million and HK\$35.4 million respectively, representing 4% and 16% of the group's total expenditure.

### 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\$182.9 million, which represented 89% of its total revenue. This was 18% or HK\$41 million less than last year mainly owing to the cancellation of Oxfam Trailwalker event.

Monthly donations from Oxfam Partners amounted to HK\$151.5 million this year, which is 1%, or HK\$1.5 million decrease from last year.

Income from the Oxfam Rice Event in Hong Kong and Macau amounted to HK\$2.5 million.

This year, the group raised HK\$1.4 million from the public for disaster relief work. It included HK\$1.1 million for cyclone in Southern Africa and HK\$0.2 million for the famine in Africa.

In 2019/20, the funding the group received from the Government of the Hong Kong Special Administrative Region was HK\$13.4 million. The Disaster Relief Fund Advisory Committee granted it HK\$12.1 million, including HK\$6.4 million for Cyclone Idai in Mozambique, HK\$4.2 million for Cyclone in Malawi and HK\$1.5 million for the Typhoon in Philippines respectively. Further, the group received HK\$1.2 million from the Government to support its projects in Hong Kong and HK\$0.4 million to support the operation of Oxfam Shop.

The group's total revenue was HK\$206.1 million which was 12% or HK\$28 million decreased from HK\$234.1 million in 2018/19, mainly due to the cancellation of Oxfam Trailwalker event in the year.

## **Business review (continued)**

### *Investment in programmes*

A total of HK\$172.1 million was spent on programmes this year, which represented 79.2% of the group's total expenditure.

With regard to the emergencies, it spent in the year HK\$12.5 million for the Cyclones in Southern Africa and HK\$2.9 million for COVID-19. Moreover, HK\$5.4 million was spent on recurrent emergencies such as cyclical and climate-related disasters in mainland China, India, Indonesia, Philippines and other places around the world.

The group categorise its programme expenditure by External Change Goals; the goal the group invested in most was Active Citizens, which amounted to HK\$50 million, or 29% of its total programme 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\$39.9 million. Through this goal, it aims to improve people's access to quality health care and education. The group also spent HK\$34.9 million on the goal Saving Lives this year. Through this goal, it aims to help disadvantaged communities affected by natural disasters with provision of clean water, food and other aids and help communities prevent future disasters.

### *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 2019/20, the group recorded a deficit of HK\$11.4 million. At the end of the financial year, it reserves stood at HK\$103.6 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\$56.3 million in property, plant and equipment; HK\$71.5 million in cash; and HK\$1.1 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 – represented 4% of its total expenditure this 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 represented 16% of the group's total expenditure.

## **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, Man Tuen Irene  
Chesterton, Josephine Mary  
Cheung, Yuk Tong  
Chin, Sherman C  
Fong Po Kiu  
Leung, Oi Sie Elsie (retired on 28 September 2019)  
Ma, Ka Ming Teresa  
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)  
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

04 JUL 2020



# 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 46, which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020 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 ("HSAs") 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.



# 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.

Certified Public Accountants

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

**04 JUL 2020**

## Consolidated statement of comprehensive income for the year ended 31 March 2020 (Expressed in Hong Kong dollars)

	Note	2020 '000	2019 '000
<b>Income</b>			
Institutional fundraising income	3	\$ 21,187	\$ 8,211
Public fundraising income	4	182,898	223,915
Interest and investment income	5	521	405
Trading income		525	680
Other income		939	897
		<u>\$ 206,070</u>	<u>\$ 234,108</u>
<b>Expenditure</b>			
Programme implementation costs		\$ 145,020	\$ 149,668
Programme management costs		27,111	27,705
Fundraising and marketing costs	6	35,355	34,303
Management and administration costs		8,402	8,114
Trading costs		905	1,665
Loss on investments		485	542
Foreign exchange differences, net		143	788
		<u>\$ 217,421</u>	<u>\$ 222,785</u>
<b>(Deficit)/surplus and total comprehensive income for the year</b>	7	<u>\$ (11,351)</u>	<u>\$ 11,323</u>

The notes on pages 19 to 46 form part of these consolidated financial statements.

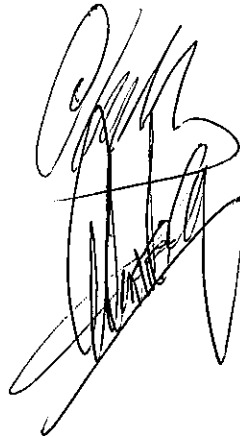
## Consolidated statement of financial position at 31 March 2020 (Expressed in Hong Kong dollars)

	Note	2020 '000	2019 '000
<b>Non-current assets</b>			
Property, plant and equipment	10	\$ 56,275	\$ 50,508
Financial investments	11	1,085	1,570
Prepayment	13	312	7,460
		\$ 57,672	\$ 59,538
<b>Current assets</b>			
Inventories	12	\$ 1,910	\$ 3,347
Prepayments, deposits and other receivables	13	6,366	5,568
Cash and cash equivalents	14	71,484	64,198
		\$ 79,760	\$ 73,113
<b>Current liabilities</b>			
Accounts and other payables	15	\$ 12,231	\$ 12,900
Grants payable	15	6,362	3,789
Deferred revenue	16	15,220	992
		\$ 33,813	\$ 17,681
<b>Net current assets</b>		<b>\$ 45,947</b>	<b>\$ 55,432</b>
<b>NET ASSETS</b>		<b>\$ 103,619</b>	<b>\$ 114,970</b>

**Consolidated statement of financial position**  
**at 31 March 2020 (continued)**  
*(Expressed in Hong Kong dollars)*

	Note	2020 '000	2019 '000
<b>Represented by:</b>			
<b>RESERVES</b>	17(b)	<u>\$ 103,619</u>	<u>\$ 114,970</u>

Approved and authorised for issue by the Council members on **04 JUL 2020**

 )  
) Council member CHEUNG YUK TONG  
)  
)  
) Council member NG WAI HUK, ALLAN  
)

The notes on pages 19 to 46 form part of these consolidated financial statements.

## Consolidated statement of changes in reserves for the year ended 31 March 2020 (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	Total reserves '000
<b>At 1 April 2018</b>	\$ 856	\$ 475	\$ -	\$ 679	\$ 101,637	\$ 103,647
<b>Changes in reserves for 2019:</b>						
(Deficit)/surplus and total comprehensive income 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)	-
<b>At 31 March 2019</b>	<u>\$ 6,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,132</u>	<u>\$ 114,970</u>



**Consolidated statement of changes in reserves for the year ended 31 March 2020**  
(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	Total reserves
<b>At 1 April 2019</b>	\$ 6,838	\$ -	\$ -	\$ -	\$ 108,132	\$ 114,970
<b>Changes in reserves for 2020:</b>						
(Deficit)/surplus and total comprehensive income for the year	3,221	(10,006)	1,936	(3,089)	(3,413)	(11,351)
Transfers	-	10,006	-	3,089	(13,095)	-
<b>At 31 March 2020</b>	<b>\$ 10,059</b>	<b>\$ -</b>	<b>\$ 1,936</b>	<b>\$ -</b>	<b>\$ 91,624</b>	<b>\$ 103,619</b>

The notes on pages 19 to 46 form part of these consolidated financial statements.

## Consolidated cash flow statement for the year ended 31 March 2020 (Expressed in Hong Kong dollars)

	Note	2020 '000	2019 '000
<b>Operating activities</b>			
(Deficit)/surplus for the year		\$ (11,351)	\$ 11,323
Adjustments for:			
Bank interest income	5	(463)	(99)
Other interest income	5	-	(3)
Depreciation	7(b)	4,558	4,699
Loss on disposals of property, plant and equipment	7(b)	29	-
Dividend income from financial investments	5	(58)	(303)
Exchange loss		212	339
Bequests income		-	(1,606)
Fair value loss on financial investments	7(b)	485	542
		\$ (6,588)	\$ 14,892
<b>Operating (deficit)/surplus before changes in working capital</b>			
Decrease in inventories		1,225	1,755
Increase in prepayments, deposits and other receivables		(798)	(2,357)
(Decrease)/increase in accounts and other payables		(669)	960
Increase/(decrease) in grants payable		2,573	(7,898)
Increase in deferred revenue		14,228	189
		\$ 9,971	\$ 7,541
<b>Net cash generated from operating activities</b>			

## Consolidated cash flow statement for the year ended 31 March 2020 (continued)

(Expressed in Hong Kong dollars)

	<i>Note</i>	2020 '000	2019 '000
<b>Investing activities</b>			
Interest received		\$ 463	\$ 102
Dividends received		58	303
Payment for the purchases of property, plant and equipment		(3,202)	(1,792)
Increase in non-current prepayment		(4)	(308)
Proceed from disposal of financial investments		-	13,686
Decrease in loan to an affiliate		-	109
		-	-
<b>Net cash (used in)/generated from investing activities</b>		<b>\$ (2,685)</b>	<b>\$ 12,100</b>
<b>Net increase in cash and cash equivalents</b>		<b>\$ 7,286</b>	<b>\$ 19,641</b>
<b>Cash and cash equivalents at 1 April</b>		<b>64,198</b>	<b>44,557</b>
<b>Cash and cash equivalents at 31 March</b>	14	<b>\$ 71,484</b>	<b>\$ 64,198</b>

The notes on pages 19 to 46 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 2020 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 new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect of how the group's result and financial position for the current or prior periods have been prepared or presented. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The group has initially applied HKFRS 16 as from 1 April 2019. The group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. This has had no material effect on the group's consolidated financial statements. Comparative information has not been restated and continues to be reported under HKAS 17.

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

#### A. New Definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

## **2 Significant accounting policies (continued)**

The group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

### **B. Lessee accounting and transitional impact**

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 10. For an explanation of how the group applies lessee accounting, see note 2(g).

To ease the transition to HKFRS 16, the group applied the exemption and practical expedients at the date of initial application of HKFRS 16. The group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020.

### **C. Impact on the financial result and cashflow of the group**

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term.

In the cash flow statement, the group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17.

## 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 equity securities*

Investments in equity securities, other than investments in subsidiaries, 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.

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).

## 2 Significant accounting policies (continued)

### (f) *Property, plant and equipment*

Property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 2(g)), 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:

- Ownership interests in land held for own use	Over the lease term
- Ownership interests in building held for own use	50 years
- Leasehold improvements	Over the shorter of the lease term and 5 to 25 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

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

##### (A) Policy applicable from 1 April 2019

Where the contract contains lease component(s) and non-lease component(s), the group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the group. When the group enters into a lease in respect of a low-value asset, the group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(f)).

## 2 Significant accounting policies (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the consolidated statement of financial position, the group presents right-of-use assets within the same line item as similar underlying assets and presents lease liabilities separately.

### (B) Policy applicable prior to 1 April 2019

In the comparative period, assets that were held by group under leases which transferred to the group substantially all the risks and rewards of ownership were classified as being held under finance leases. Leases which did not transfer substantially all the risks and rewards of ownership to the group were classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property-by-property basis and, if classified as investment property, was accounted for as if held under a finance lease; and
- land held for own use under an operating lease, the fair value of which could not be measured separately from the fair value of a building situated thereon at the inception of the lease, was accounted for as being held under a finance lease, unless the building was also clearly held under an operating lease. For these purposes, the inception of the lease was the time that the lease was first entered into by the group, or taken over from the previous lessee.

Where the group acquired 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 were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost or valuation of the assets over the term of the relevant lease or, where it was likely the group would obtain ownership of the asset, the life of the asset, as set out in note 2(f). Finance charges implicit in the lease payments were 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 were charged to surplus or deficit in the accounting period in which they were incurred.

## 2 Significant accounting policies (continued)

### (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.

### (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:

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.

## 2 Significant accounting policies (continued)

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.

### (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.

## 2 Significant accounting policies (continued)

### (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.

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.

## 2 Significant accounting policies (continued)

### (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.

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.

## 2 Significant accounting policies (continued)

### (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).
  - (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

	2020 '000	2019 '000
Government	\$ 13,400	\$ 8,211
Oxfam's Affiliates	7,001	-
Other institutions	786	-
	<u>\$ 21,187</u>	<u>\$ 8,211</u>

#### 4 Public fundraising income

	2020 '000	2019 '000
Oxfam Partner	\$ 151,498	\$ 152,970
Oxfam Trailwalker event (note (i))	6,015	38,310
Humanitarian appeals	1,367	4,660
Oxfam Rice event	2,522	2,593
Other public fundraising income (note (ii))	21,496	25,382
	<u>\$ 182,898</u>	<u>\$ 223,915</u>

Notes:

- (i) Includes total income of \$1,703,000 (2019: \$19,535,000) 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 \$1,456,000 (2019: \$1,053,000), \$650,000 (2019: \$Nil) and \$Nil (2019: \$1,089,000) were received from The Hong Kong Jockey Club, Credit Suisse (Hong Kong) Ltd and The D.H. Chen Foundation respectively which were included in other public fundraising income/ deferred revenue.

#### 5 Interest and investment income

	2020 '000	2019 '000
Bank interest income	\$ 463	\$ 99
Dividend income	58	303
Other interest income	-	3
	<u>\$ 521</u>	<u>\$ 405</u>

#### 6 Fundraising and marketing costs

	2020 '000	2019 '000
Lottery event for Oxfam Trailwalker	\$ 7	\$ 7
Other fundraising and communication costs	35,348	34,296
	<u>\$ 35,355</u>	<u>\$ 34,303</u>



## 7 (Deficit)/surplus for the year

(Deficit)/surplus for the year is arrived at after charging:

	2020 '000	2019 '000
<b>(a) Staff costs</b>		
Salaries, wages and other benefits*	\$ 53,409	\$ 58,775
Contributions to defined contribution retirement plan*	2,842	2,966
	<u>\$ 56,251</u>	<u>\$ 61,741</u>
<b>(b) Other items</b>		
Depreciation**		
- owned property, plant and equipment#	\$ 3,266	\$ 3,407
- right-of-use assets#	1,292	1,292
Operating lease charges in respect of land and buildings*	-	3,754
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 March 2020*	1,324	-
Variable lease payments not included in the measurement of lease liabilities*	52	-
Auditors' remuneration	514	544
Cost of inventories expensed	2,122	2,007
Loss on disposals of property, plant and equipment	29	-
Fair value loss on financial investments	485	542
	<u>485</u>	<u>542</u>

# The group has initially applied HKFRS 16 using the modified retrospective approach and applied exemption and practical expedients for not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. See note 2(c).

\* 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 (Deficit)/surplus for the year (continued)

		2020					
		Programme implementation costs '000	Programme management costs '000	Fundraising and marketing costs '000	Trading costs '000	Management and administration costs '000	Total '000
<b>(a)</b>	<b>Staff costs</b>						
	Salaries, wages and other benefits	\$ 21,154	\$ 11,992	\$ 15,271	\$ 387	\$ 4,605	\$ 53,409
	Contributions to defined contribution retirement plan	571	1,134	921	19	197	2,842
		<u>\$ 21,725</u>	<u>\$ 13,126</u>	<u>\$ 16,192</u>	<u>\$ 406</u>	<u>\$ 4,802</u>	<u>\$ 56,251</u>
<b>(b)</b>	<b>Other items</b>						
	Depreciation	\$ 831	\$ 1,234	\$ 2,051	\$ 305	\$ 137	\$ 4,558
	Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 March 2020	58	963	100	-	203	1,324
	Variable lease payments not included in the measurement of lease liabilities	-	-	-	52	-	52
		<u>-</u>	<u>-</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>52</u>
		2019					
		Programme implementation costs '000	Programme management costs '000	Fundraising and marketing costs '000	Trading costs '000	Management and administration costs '000	Total '000
<b>(a)</b>	<b>Staff costs</b>						
	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
		<u>\$ 26,453</u>	<u>\$ 13,247</u>	<u>\$ 16,907</u>	<u>\$ 957</u>	<u>\$ 4,177</u>	<u>\$ 61,741</u>
<b>(b)</b>	<b>Other items</b>						
	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
		<u>672</u>	<u>2,199</u>	<u>680</u>	<u>77</u>	<u>126</u>	<u>3,754</u>

## 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 years.

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 and prior years.

## 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 (2019: \$Nil).

## 10 Property, plant and equipment

	<i>Ownership interests in land and buildings held for own use '000</i>	<i>Leasehold improvements '000</i>	<i>Furniture and fixtures '000</i>	<i>Computer equipment '000</i>	<i>Office equipment and motor vehicles '000</i>	<i>Total '000</i>
<b>Cost:</b>						
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	<u>\$ 64,614</u>	<u>\$ 5,740</u>	<u>\$ 848</u>	<u>\$ 19,239</u>	<u>\$ 3,763</u>	<u>\$ 94,204</u>
At 1 April 2019	\$ 64,614	\$ 5,740	\$ 848	\$ 19,239	\$ 3,763	\$ 94,204
Additions	-	7,156	-	3,172	26	10,354
Disposals	-	(4)	(39)	(144)	(102)	(289)
At 31 March 2020	<u><u>\$ 64,614</u></u>	<u><u>\$ 12,892</u></u>	<u><u>\$ 809</u></u>	<u><u>\$ 22,267</u></u>	<u><u>\$ 3,687</u></u>	<u><u>\$ 104,269</u></u>
<b>Accumulated depreciation:</b>						
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	<u>\$ (19,017)</u>	<u>\$ (5,343)</u>	<u>\$ (822)</u>	<u>\$ (15,053)</u>	<u>\$ (3,461)</u>	<u>\$ (43,696)</u>
At 1 April 2019	\$ (19,017)	\$ (5,343)	\$ (822)	\$ (15,053)	\$ (3,461)	\$ (43,696)
Charge for the year	(1,292)	(339)	(3)	(2,737)	(187)	(4,558)
Written back on disposals	-	4	20	144	92	260
At 31 March 2020	<u><u>\$ (20,309)</u></u>	<u><u>\$ (5,678)</u></u>	<u><u>\$ (805)</u></u>	<u><u>\$ (17,646)</u></u>	<u><u>\$ (3,556)</u></u>	<u><u>\$ (47,994)</u></u>
<b>Net book value:</b>						
At 31 March 2020	<u><u>\$ 44,305</u></u>	<u><u>\$ 7,214</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ 4,621</u></u>	<u><u>\$ 131</u></u>	<u><u>\$ 56,275</u></u>
At 31 March 2019	<u><u>\$ 45,597</u></u>	<u><u>\$ 397</u></u>	<u><u>\$ 26</u></u>	<u><u>\$ 4,186</u></u>	<u><u>\$ 302</u></u>	<u><u>\$ 50,508</u></u>

## 10 Property, plant and equipment (continued)

### Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	31 March 2020 '000	1 April 2019 '000
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost in:			
- the People's Republic of China ("the PRC") with remaining lease term of between 10 and 50 years	(i)	\$ 581	\$ 601
- Hong Kong with remaining lease term of 50 years or more		43,724	44,996
		<u>\$ 44,305</u>	<u>\$ 45,597</u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 '000	2019 '000 (Note)
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings held for own use	<u>1,292</u>	<u>1,292</u>
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	1,324	-
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	-	3,754
Variable lease payments not included in the measurement of lease liabilities	52	-

Note: The group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

(i) Ownership interests in leasehold land and buildings held for own use

The group holds several properties for its business where its local and the Chinese offices are located. The group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

## 11 Financial investments

	2020 '000	2019 '000
Hong Kong listed equity instruments, at FVPL	\$ 1,085	\$ 1,570

## 12 Inventories

	2020 '000	2019 '000
Humanitarian supplies	\$ 1,883	\$ 3,298
Trading goods	27	49
	<u>\$ 1,910</u>	<u>\$ 3,347</u>

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

	2020 '000	2019 '000
Carrying amount of inventories consumed	\$ 2,053	\$ 1,795
Carrying amount of inventories sold	69	212
	<u>\$ 2,122</u>	<u>\$ 2,007</u>

## 13 Prepayments, deposits and other receivables

	2020 '000	2019 '000
Prepayments, deposits and other receivables	\$ 6,678	\$ 13,028
Less: non-current prepayment	(312)	(7,460)
	<u>\$ 6,366</u>	<u>\$ 5,568</u>

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 Cash and cash equivalents**

***Cash and cash equivalents comprise:***

	2020 '000	2019 '000
Cash at bank and on hand	\$ 48,874	\$ 54,198
Time deposits with original maturity of less than three months when acquired	22,610	10,000
Cash and cash equivalents as stated in the consolidated statement of financial position	\$ 71,484	\$ 64,198

**15 Accounts and other payables and grants payable**

	2020 '000	2019 '000
Accounts payable	\$ 1,082	\$ 1,325
Other payables and accrued charges	11,149	11,575
	\$ 12,231	\$ 12,900
Grants payable	\$ 6,362	\$ 3,789

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.

**16 Deferred revenue**

All of the deferred revenue 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	Total reserves
<b>At 1 April 2018</b>	\$ (2,451)	\$ 123	\$ (3,064)	\$ (370)	\$ 93,183	\$ 87,421
<b>Changes in reserves for 2019:</b>						
(Deficit)/surplus and total comprehensive income for the year	1,633	(13,006)	(5,388)	(4,720)	16,058	(5,423)
Transfers	-	8,743	1,585	2,408	(12,736)	-
<b>At 31 March 2019</b>	<u>\$ (818)</u>	<u>\$ (4,140)</u>	<u>\$ (6,867)</u>	<u>\$ (2,682)</u>	<u>\$ 96,505</u>	<u>\$ 81,998</u>

**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	Total reserves
<b>At 1 April 2019</b>	\$ (818)	\$ (4,140)	\$ (6,867)	\$ (2,682)	\$ 96,505	\$ 81,998
<b>Changes in reserves for 2020:</b>						
(Deficit)/surplus and total comprehensive income for the year	1,988	(8,386)	4,384	(2,026)	5,105	1,065
Transfers	-	10,670	-	3,089	(13,759)	-
<b>At 31 March 2020</b>	<u>\$ 1,170</u>	<u>\$ (1,856)</u>	<u>\$ (2,483)</u>	<u>\$ (1,619)</u>	<u>\$ 87,851</u>	<u>\$ 83,063</u>



## 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 years, 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 years, 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. In prior years, there was a deficit in this fund which was replenished by transferring funds from the operation reserve.

#### (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. During the current and prior years, there was a deficit in this fund which was replenished by transferring funds from the operation reserve.

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

## 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.

### (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.

## 18 Financial instruments (continued)

### (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 2019 and 2020, the only financial instruments of the group carried at fair value were financial investments of \$1,085,000 (2019: \$1,570,000) 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 2019 and 2020, 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 2020 not provided for in the consolidated financial statements were as follows:*

	2020 '000	2019 '000
Contracted for:		
- Programme services to be provided by vendors	\$ 132	\$ 286
- Computer software and hardware	179	1,721
	\$ 311	\$ 2,007
 Grants commitments	 \$ 32,283	 \$ 33,974

## 19 Commitments (continued)

(b) *At 31 March 2020, the total future minimum lease payments under non-cancellable operating leases are payable as follows:*

	2020 '000	2019 '000
Within one year	\$ 202	\$ 273
After one year but within five years	-	-
	<u>\$ 202</u>	<u>\$ 273</u>

## 20 Material related party transactions

(a) During the year, the group entered into the following material related party transactions:

	2020 '000	2019 '000
<b>Net grants to Oxfam's affiliates</b>		
Oxfam Great Britain	\$ 17,965	\$ 20,496
Oxfam India	4,222	11,560
Stichting Oxfam International	9,986	10,467
Oxfam Mexico	3,285	4,857
Oxfam Brazil	1,357	2,486
Oxfam-in-Belgium	2,185	3,500
Oxfam Australia	2,359	2,408
Oxfam Novib	8,587	1,051
Oxfam South Africa	2,012	1,588
Oxfam Japan	-	128
Oxfam America	73	65
	<u>\$ 52,031</u>	<u>\$ 58,606</u>

(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:

	2020 '000	2019 '000
Salaries, allowance and benefits in kind	\$ 5,803	\$ 4,677
Contributions to defined contribution retirement plan	260	250
	<u>\$ 6,063</u>	<u>\$ 4,927</u>

**21 Statement of financial position of the company**

	Note	2020 '000	2019 '000
<b>Non-current assets</b>			
Property, plant and equipment		\$ 56,247	\$ 50,473
Investment in a subsidiary	21(a)	-	-
Financial investments		1,085	1,570
Non-current prepayment		311	7,460
		<u>\$ 57,643</u>	<u>\$ 59,503</u>
<b>Current assets</b>			
Inventories		\$ 1,910	\$ 3,347
Prepayments, deposits and other receivables		6,230	5,502
Amount due from a subsidiary		1,662	-
Cash and cash equivalents		49,232	45,158
		<u>\$ 59,034</u>	<u>\$ 54,007</u>
<b>Current liabilities</b>			
Accounts and other payables		\$ 12,129	\$ 12,795
Grants payable		6,362	3,789
Deferred revenue		15,123	871
Amount due to a subsidiary		-	14,057
		<u>\$ 33,614</u>	<u>\$ 31,512</u>
<b>Net current assets</b>		<u>\$ 25,420</u>	<u>\$ 22,495</u>
<b>NET ASSETS</b>		<u>\$ 83,063</u>	<u>\$ 81,998</u>
<b>Represented by:</b>			
<b>RESERVES</b>	17(a)	<u>\$ 83,063</u>	<u>\$ 81,998</u>

Approved and authorised for issue by the Council members on: 04 JUL 2020

×

) Council member  
) CHEUNG Yuk Tong  
) Council member  
) NG KAI HUK, ALLAN

## 21 Statement of financial position of the company (continued)

### (a) Investment in a subsidiary

Details of the company's subsidiary at 31 March 2020 are as follows:

<i>Name of company</i>	<i>Place of incorporation and operation</i>	<i>Particulars of share capital</i>	<i>Proportion of ownership interest held by the company</i>	<i>Principal activity</i>
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 event requiring Public Subscription Permit from Social Welfare Department

As stipulated by the Laws of Hong Kong, the group applied for Public Subscription Permit from the Social Welfare Department for a fundraising event. The donation result of the fundraising event has been included in the consolidated statement of comprehensive income.

	2020 '000	2019 '000
<b>Rice Event</b>		
Permit Number	2019/040/1	2018/121/1
Net proceeds (note (i))	\$ 1,098	\$ 889

- (i) 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 2020

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 March 2020 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*

Amendments to HKFRS 3, <i>Definition of a business</i>	1 April 2020
Amendments to HKAS 1 and HKAS 8, <i>Definition of material</i>	1 April 2020

The group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.