



Oxfam Hong Kong
樂施會

Report of the Council Members and
Consolidated Financial Statements
for the year ended 31 March 2023

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 2023.

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 and Taiwan. 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.

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 poverty alleviation policies.

Business review (continued)

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.

Risks and uncertainties

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

Business review (continued)

Safeguarding

The group steps up measures to prevent sexual misconduct by improving the safeguarding policies as well as helping employees to better understand safeguarding issues and their ethical obligations, and thus, to better protect employees, volunteers, and those who receive relief from it and enhance their ability to respond. The measures include setting up a hotline for whistleblower on malpractices, updating the sexual misconduct and malpractice policies regularly for the offices in Hong Kong, mainland China, Macau and Taiwan, and having regular communications and trainings on safeguarding issues. All employees have signed and are committed to upholding the code of conduct. The code of conduct sets forth the standard of conduct expected from 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 strategic and development needs through a robust fundraising mechanism;
- Continue to explore and develop more fundraising channels, including corporate donations and digitalisation;
- Improve organisational effectiveness and efficiency by investing in people and system.

Business review (continued)

Financial performance

- The group's revenue was HK\$191.4 million which was 7% or HK\$14 million reduced from HK\$205.4 million in 2021/22.
- Monthly donations from Oxfam Partners amounted to HK\$127.9 million - a decrease of 7% or HK\$9.4 million from last year.
- Total income from the virtual and in-person Oxfam Trailwalker amounted to HK\$11.8 million, while it recorded income of HK\$0.8 million from Oxfam Rice Event.
- The investment in programmes the group spent for the year amounted to HK\$146 million which represented 79% of the group's total expenditure.
- Management and administration costs, and fundraising and marketing costs amounted to HK\$7.5 million and HK\$31.4 million respectively, representing 4% and 17% 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\$175.3 million, which represented 92% of its total revenue.

This year, the group raised HK\$5.2 million from the public for disaster relief work. It included HK\$3.8 million for Turkey and Syria Earthquake and HK\$1.2 million for the East Africa Food Crisis respectively.

The Disaster Relief Fund of the Government of Hong Kong Special Administrative Region granted the group HK\$5.5 million to provide disaster relief support of HK\$3.8 million and HK\$1.7 million for the floods in Bangladesh and Guangxi province in mainland China respectively. Furthermore, the group received HK\$3.1 million from the Government to support the projects in Hong Kong and subsidy of HK\$2.1 million under Employment Support Scheme.

Business review (continued)

Investment in programmes

A total of HK\$146 million was spent on programmes this year, which represented 79% of the group's total expenditure.

With regard to the emergencies, it spent in the year a total of HK\$22.6 million including HK\$8.2 million for the floods in Bangladesh, Pakistan and mainland China, HK\$3.1 million for droughts in Kenya and Ethiopia, HK\$3.5 million for humanitarian crisis in Bangladesh and Colombia, and HK\$1.8 million for Syria earthquake. Moreover, HK\$6 million was spent on recurrent emergencies such as public health, cyclical and climate-related disasters in mainland China and other places around the world.

The group categorise its programme expenditure by External Change Goals; the goal the group invested in the most was Sustainable Livelihood in Just Economies, which amounted to HK\$77 million, 53% of its total expenditure. Through this goal, it aims to secure and enhance sustainable livelihoods in a just economy. The group's spending on the goal Humanitarian Relief amounted to HK\$31.3 million. Through this goal, it aims to support vulnerable communities to build resilience to disasters and provide life-saving support at the time of emergency. Moreover, the group is highly concerned about Climate Justice with spending of HK\$20.0 million this year at this goal. Through this goal, it aims to alleviate adaption and mitigation of climate impacts on the vulnerable and poor communities. Besides, HK\$17.6 million was also spent for the goal Gender Justice this year. Through this goal, it aims to advance gender equality and eliminate gender-based discrimination.

Reserves

The group's Reserves Policy requires that it holds general reserves equivalent to a total of, or more than 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 2022/23, the group recorded a surplus of HK\$5.7 million. At the end of the financial year, its reserves stood at HK\$139.4 million, representing an increase of 4% from last year. The surge was brought by saving in expenditure and the receipt of a bequest in the last month of the year. The reserves include HK\$16.1 million in restricted funds and HK\$123.3 million in operation reserves. 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 17% 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:

Chan, Man Tuen Irene
Cheung, Yuk Tong
Chin, Sherman C
Cruz Da Costa Alvares, Jose Maria
Fong Po Kiu
Jacota, Lakshmi Kiran
Kam, Hugh Alexander Tsun-Ting
Leung, Hau Shun Agnes
Ma, Ka Ming Teresa
Matsui, Martin Kaoru (retired on 17 September 2022)
Ng, Wai Huk Allan
Porritt, Wayne Robert
Pun, Ngai
Setchina, Alexandra Andreevna
Sharma, Vivek
Wong, Hung (retired on 17 September 2022)
Xia, Zhong (resigned on 31 October 2022)
Yu, Tsuen Kweun

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

Chan, Bernard Charnwut
Chin, Sherman C
Cruz Da Costa Alvares, Jose Maria (appointed on 13 May 2023)
Lai, Wai Leung Dicky
Sam, Iat Fong (resigned on 30 July 2022)
Yu, Tsuen Kweun

In accordance with articles 53 to 55 of the company's articles of association, one-third of the Council members (except the Chairperson, Vice-Chairperson(s) and Treasurer) 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



Cheung, Yuk Tong

Council member

15 JUL 2023



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 43, which comprise the consolidated statement of financial position as at 31 March 2023, 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 2023 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 ("HKSA") 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 HKSAAs 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 HKSAAs, 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

15 JUL 2023

Consolidated statement of comprehensive income for the year ended 31 March 2023

(Expressed in Hong Kong dollars)

	Note	2023 '000	2022 '000
Income			
Institutional fundraising income	3	\$ 10,636	\$ 4,692
Public fundraising income	4	175,298	198,931
Interest and investment income	5	1,575	197
Other income		3,884	1,628
		\$ 191,393	\$ 205,448
Expenditure			
Programme implementation costs		\$ 117,753	\$ 128,176
Programme management costs		28,288	24,123
Fundraising and marketing costs	6	31,404	30,975
Management and administration costs		7,530	8,210
Gain on investments		-	(79)
Foreign exchange differences, net		735	695
		\$ 185,710	\$ 192,100
Surplus and total comprehensive income for the year	7	\$ 5,683	\$ 13,348

The notes on pages 19 to 43 form part of these consolidated financial statements.


Consolidated statement of financial position at 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023 '000	2022 '000
Non-current assets			
Property, plant and equipment	10	\$ 50,927	\$ 50,798
Current assets			
Inventories	11	\$ 4	\$ 25
Prepayments, deposits and other receivables	12	5,812	4,306
Amounts due from Oxfam affiliates	13	604	-
Cash and bank balances	14	114,858	105,802
		<u>\$ 121,278</u>	<u>\$ 110,133</u>
Current liabilities			
Accounts and other payables	15	\$ 17,167	\$ 13,106
Grants payable	15	1,949	1,117
Deferred revenue	16	8,686	13,027
Amount due to an Oxfam affiliate	13	5,039	-
		<u>\$ 32,841</u>	<u>\$ 27,250</u>
Net current assets		<u>\$ 88,437</u>	<u>\$ 82,883</u>
NET ASSETS		<u>\$ 139,364</u>	<u>\$ 133,681</u>

Consolidated statement of financial position at 31 March 2023 (continued) (Expressed in Hong Kong dollars)

	Note	2023 '000	2022 '000
Represented by:			
RESERVES	17(b)	<u>\$ 139,364</u>	<u>\$ 133,681</u>

Approved and authorised for issue by the Council members on **15 JUL 2023**

Cheung, Yuk Tong	x		x)	Council member
)	
Setchina, Alexandra Andreevna	x		x)	Council member
)	

The notes on pages 19 to 43 form part of these consolidated financial statements.

Consolidated statement of changes in reserves for the year ended 31 March 2023

(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	Other restricted reserve (Note 17(b)(v)) '000	Total reserves '000
At 1 April 2021	\$ 11,150	\$ -	\$ 6,047	\$ -	\$ 102,942	\$ 194	\$ 120,333
Changes in reserves for 2022:							
(Deficit)/surplus and total comprehensive income for the year	(5,734)	(2,611)	4,373	(175)	15,692	1,803	13,348
Transfers	-	2,611	-	175	(2,074)	(712)	-
At 31 March 2022	\$ 5,416	\$ -	\$ 10,420	\$ -	\$ 116,560	\$ 1,285	\$ 133,681

Consolidated statement of changes in reserves for the year ended 31 March 2023
(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	Other restricted reserve (Note 17(b)(v)) '000	Total reserves '000
At 1 April 2022	\$ 5,416	\$ -	\$ 10,420	\$ -	\$ 116,560	\$ 1,285	\$ 133,681
Changes in reserves for 2023:							
(Deficit)/surplus and total comprehensive income for the year	(9,275)	(3,555)	2,429	(3,264)	16,363	2,985	5,683
Transfers	3,859	3,555	-	3,264	(9,662)	(1,016)	-
At 31 March 2023	\$ -	\$ -	\$ 12,849	\$ -	\$ 123,261	\$ 3,254	\$ 139,364

The notes on pages 19 to 43 form part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023 '000	2022 '000
Operating activities			
Surplus for the year		\$ 5,683	\$ 13,348
Adjustments for:			
Bank interest income	5	(1,575)	(168)
Depreciation	7(b)	3,113	3,429
(Gain)/loss on disposals of property, plant and equipment	7(b)	(2)	515
Dividend income from financial investments	5	-	(29)
Exchange loss/(gain)		2	(33)
Net realised and unrealised fair value gain on financial investments	7(b)	-	(79)
		<hr/>	<hr/>
Operating surplus before changes in working capital		\$ 7,221	\$ 16,983
Decrease in inventories		19	1,404
Increase in prepayments, deposits and other receivables		(1,506)	(608)
Increase/(decrease) in accounts and other payables		4,061	(144)
Decrease in amount due from Oxfam affiliates		(604)	-
Increase/(decrease) in grants payable		832	(8,444)
(Decrease)/increase in deferred revenue		(4,341)	9,585
Increase in amount due to an Oxfam affiliate		5,039	-
		<hr/>	<hr/>
Net cash generated from operating activities		\$ 10,721	\$ 18,776
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

Consolidated cash flow statement for the year ended 31 March 2023 (continued)

(Expressed in Hong Kong dollars)

	<i>Note</i>	2023 '000	2022 '000
Investing activities			
Interest received		\$ 1,575	\$ 168
Dividends received		-	29
Payment for the purchases of property, plant and equipment		(3,242)	(413)
Proceed from disposal of property, plant and equipment		2	-
Proceed from disposal of financial investments		-	1,197
Increase in time deposits with original maturities of more than three months when acquired		(77,000)	-
Net cash generated from/(used in) investing activities		<u>\$ (78,665)</u>	<u>\$ 981</u>
Net (decrease)/increase in cash and cash equivalents		\$ (67,944)	\$ 19,757
Cash and cash equivalents at 1 April		<u>105,802</u>	<u>86,045</u>
Cash and cash equivalents at 31 March	14	<u>\$ 37,858</u>	<u>\$ 105,802</u>

The notes on pages 19 to 43 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 amendments to 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 2023 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 group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendment to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the group's results and financial position for the current or prior periods has been prepared or presented. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(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.

2 Significant accounting policies (continued)

(e) *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(f)), 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.

(f) *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.

2 Significant accounting policies (continued)

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. 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 note 2(e)).

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.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the statement of financial position, the current portion of current lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 Significant accounting policies (continued)

(g) 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. 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 are utilised or sold, the carrying amount of those inventories are recognised and included in programme implementation 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.

(h) 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 and including an 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.

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.

2 Significant accounting policies (continued)

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.

(i) **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.

(j) **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 invoice amounts.

(k) **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.

(l) **Provisions and contingent liabilities and onerous contracts**

(i) 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised is limited to the carrying amount of the provision.

2 Significant accounting policies (continued)

(ii) Onerous contracts

An onerous contract exists when the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(m) 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.

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the company will comply with the conditions attaching to them. Grants that compensate the company for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(n) **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 group 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)

(o) 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

	2023 '000	2022 '000
Government	\$ 8,556	\$ 333
Oxfam's Affiliates	1,444	769
Other institutions	636	3,590
	<u>\$ 10,636</u>	<u>\$ 4,692</u>

4 Public fundraising income

	2023 '000	2022 '000
Oxfam Partners	\$ 127,936	\$ 137,360
Oxfam Trailwalker event (note (i))	11,791	12,011
Humanitarian appeals	5,200	2,457
Oxfam Rice event	773	1,292
Other public fundraising income (note (ii))	29,598	45,811
	<u>\$ 175,298</u>	<u>\$ 198,931</u>

Notes:

- (i) Includes total income of \$2,808,000 (2022: \$2,780,000) from those donors for Oxfam Trailwalker who have attained a specified donation threshold and are eligible for the lottery draw of Oxfam Trailwalker.
- (ii) For the year ended 31 March 2023, donation income of \$402,000 (2022: \$Nil) was received from The Hong Kong Jockey Club Charities Trust which was included in other public fundraising income.

5 Interest and investment income

	2023 '000	2022 '000
Bank interest income	\$ 1,575	\$ 168
Dividend income	-	29
	<u>\$ 1,575</u>	<u>\$ 197</u>

6 Fundraising and marketing costs

	2023 '000	2022 '000
Fundraising and communication costs	\$ 31,404	\$ 30,975

7 Surplus for the year

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

	2023 '000	2022 '000
(a) Staff costs		
Salaries, wages and other benefits*	\$ 50,463	\$ 52,406
Contributions to defined contribution retirement plan*	2,398	2,562
	\$ 52,861	\$ 54,968
(b) Other items		
Depreciation*		
- owned property, plant and equipment	\$ 1,821	\$ 2,137
- right-of-use assets	1,292	1,292
Expense relating to short-term leases*	777	779
Auditors' remuneration	506	443
Cost of inventories expensed	21	1,394
(Gain)/loss on disposals of property, plant and equipment	(2)	515
Net realised and unrealised fair value gain on financial investments	-	(79)
Government grants (note (i))	(2,156)	-
	(2,156)	-

- (i) During the year ended 31 March 2023, the group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. The grants received were included in other income in the consolidated statement of comprehensive income for the year ended 31 March 2023.

7 Surplus for the year (continued)

* 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:

		2023				
		<i>Programme implementation costs '000</i>	<i>Programme management costs '000</i>	<i>Fundraising and marketing costs '000</i>	<i>Management and administration costs '000</i>	<i>Total '000</i>
(a)	Staff costs					
	Salaries, wages and other benefits	\$ 19,909	\$ 11,668	\$ 14,485	\$ 4,401	\$ 50,463
	Contributions to defined contribution retirement plan	359	476	788	775	2,398
		<u>\$ 20,268</u>	<u>\$ 12,144</u>	<u>\$ 15,273</u>	<u>\$ 5,176</u>	<u>\$ 52,861</u>
(b)	Other items					
	Depreciation	\$ 768	\$ 919	\$ 1,260	\$ 166	\$ 3,113
	Expense relating to short-term leases	-	622	1	154	777
		<u>-</u>	<u>622</u>	<u>1</u>	<u>154</u>	<u>777</u>
		2022				
		<i>Programme implementation costs '000</i>	<i>Programme management costs '000</i>	<i>Fundraising and marketing costs '000</i>	<i>Management and administration costs '000</i>	<i>Total '000</i>
(a)	Staff costs					
	Salaries, wages and other benefits	\$ 20,195	\$ 13,601	\$ 15,059	\$ 3,551	\$ 52,406
	Contributions to defined contribution retirement plan	372	594	814	782	2,562
		<u>\$ 20,567</u>	<u>\$ 14,195</u>	<u>\$ 15,873</u>	<u>\$ 4,333</u>	<u>\$ 54,968</u>
(b)	Other items					
	Depreciation	\$ 376	\$ 88	\$ 1,236	\$ 1,729	\$ 3,429
	Expense relating to short-term leases	7	622	24	126	779
		<u>7</u>	<u>622</u>	<u>24</u>	<u>126</u>	<u>779</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 (2022: \$Nil).

10 Property, plant and equipment

	<i>Ownership interests in land and buildings held for own use</i> '000	<i>Leasehold improvements</i> '000	<i>Furniture and fixtures</i> '000	<i>Computer equipment</i> '000	<i>Office equipment and motor vehicles</i> '000	<i>Total</i> '000
Cost:						
At 1 April 2021	\$ 64,614	\$ 12,121	\$ 803	\$ 23,551	\$ 3,273	\$ 104,362
Additions	-	-	-	643	42	685
Disposals	-	(22)	(19)	(1,093)	(1,452)	(2,586)
At 31 March 2022	\$ 64,614	\$ 12,099	\$ 784	\$ 23,101	\$ 1,863	\$ 102,461
Additions	-	104	-	3,062	76	3,242
Disposals	-	(175)	(3)	(34)	(36)	(248)
At 31 March 2023	<u>\$ 64,614</u>	<u>\$ 12,028</u>	<u>\$ 781</u>	<u>\$ 26,129</u>	<u>\$ 1,903</u>	<u>\$ 105,455</u>
Accumulated depreciation:						
At 1 April 2021	\$ (21,601)	\$ (4,937)	\$ (803)	\$ (19,749)	\$ (3,215)	\$ (50,305)
Charge for the year	(1,292)	(299)	-	(1,798)	(40)	(3,429)
Written back on disposals	-	22	19	578	1,452	2,071
At 31 March 2022	\$ (22,893)	\$ (5,214)	\$ (784)	\$ (20,969)	\$ (1,803)	\$ (51,663)
Charge for the year	(1,292)	(336)	-	(1,445)	(40)	(3,113)
Written back on disposals	-	175	3	34	36	248
At 31 March 2023	<u>\$ (24,185)</u>	<u>\$ (5,375)</u>	<u>\$ (781)</u>	<u>\$ (22,380)</u>	<u>\$ (1,807)</u>	<u>\$ (54,528)</u>
Net book value:						
At 31 March 2023	<u>\$ 40,429</u>	<u>\$ 6,653</u>	<u>\$ -</u>	<u>\$ 3,749</u>	<u>\$ 96</u>	<u>\$ 50,927</u>
At 31 March 2022	<u>\$ 41,721</u>	<u>\$ 6,885</u>	<u>\$ -</u>	<u>\$ 2,132</u>	<u>\$ 60</u>	<u>\$ 50,798</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:

	<i>Note</i>	<i>31 March</i> 2023 '000	<i>31 March</i> 2022 '000
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost in:	(i)		
- the People's Republic of China ("the PRC") with remaining lease term of between 10 and 50 years		\$ 520	\$ 539
- Hong Kong with remaining lease term of 50 years or more		39,909	41,182
		<u>\$ 40,429</u>	<u>\$ 41,721</u>

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

	2023 '000	2022 '000
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	<u>777</u>	<u>779</u>

(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 Inventories

	2023 '000	2022 '000
Humanitarian supplies	\$ <u>4</u>	\$ <u>25</u>

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

	2023 '000	2022 '000
Carrying amount of inventories consumed	\$ <u>21</u>	\$ <u>1,394</u>

12 Prepayments, deposits and other receivables

	2023 '000	2022 '000
Prepayments, deposits and other receivables	\$ <u>5,812</u>	\$ <u>4,306</u>

All of the prepayments, deposits and other receivables, are expected to be recovered or recognised as expense within one year.

13 Amounts due from/(to) Oxfam affiliates

The amounts due from Oxfam affiliates are unsecured, interest-free and recoverable on demand.

The amount due to an Oxfam affiliate is unsecured, interest-free and repayable on demand. It comprises a contribution fee payable in relation to collective funding of \$4,053,000 (2022: \$Nil).

14 Cash and bank balances

Cash and bank balances comprise:

	2023 '000	2022 '000
Cash at bank and on hand	\$ 37,858	\$ 42,787
Time deposits with original maturity of less than three months when acquired	-	63,015
Cash and cash equivalents as stated in the consolidated cash flow statement	\$ 37,858	\$ 105,802
Time deposits with original maturity of more than three months when acquired	77,000	-
Cash and bank balances as stated in the consolidated statement of financial position	<u>114,858</u>	<u>105,802</u>

15 Accounts and other payables and grants payable

	2023 '000	2022 '000
Accounts payable	\$ 4,536	\$ 1,238
Other payables and accrued charges	12,631	11,868
	<u>\$ 17,167</u>	<u>\$ 13,106</u>
Grants payable	<u>\$ 1,949</u>	<u>\$ 1,117</u>

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	Other restricted reserve (Note 17(b)(v)) '000	Total reserves '000
At 1 April 2021	\$ 10,734	\$ (253)	\$ 5,550	\$ (355)	\$ 100,096	\$ 2,473	\$ 118,245
Changes in reserves for 2022:							
(Deficit)/surplus and total comprehensive income for the year	(5,258)	189	4,693	317	18,152	(1,191)	16,902
At 31 March 2022	\$ 5,476	\$ (64)	\$ 10,243	\$ (38)	\$ 118,248	\$ 1,282	\$ 135,147

17 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	Other restricted reserve (Note 17(b)(v)) '000	Total reserves '000
At 1 April 2022	\$ 5,476	\$ (64)	\$ 10,243	\$ (38)	\$ 118,248	\$ 1,282	\$ 135,147
Changes in reserves for 2023:							
(Deficit)/surplus and total comprehensive income for the year	(5,640)	(599)	2,117	13	5,743	1,847	3,481
At 31 March 2023	\$ (164)	\$ (663)	\$ 12,360	\$ (25)	\$ 123,991	\$ 3,129	\$ 138,628

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. When there is a deficit in this fund, it will be 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. When there is a deficit in this fund, it will be 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.

17 Reserves (continued)

(v) Other restricted reserve

The other restricted reserve represents project based commitment towards funding from institutional fundraising income. Expenses of the other restricted reserve 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.

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.

19 Commitments

(a) **Commitments outstanding at 31 March 2023 not provided for in the consolidated financial statements were as follows:**

	2023 '000	2022 '000
Contracted for:		
- Services to be provided by vendors	\$ 987	\$ 434
- Computer software and hardware	563	124
	<u>\$ 1,550</u>	<u>\$ 558</u>
 Grants commitments	 <u>\$ 31,818</u>	 <u>\$ 42,873</u>

(b) **At 31 March 2023, the total future minimum lease payments under non-cancellable operating leases are payable as follows:**

	2023 '000	2022 '000
Within one year	<u>\$ 87</u>	<u>\$ 114</u>

20 Material related party transactions

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

	2023 '000	2022 '000
Net grants to Oxfam's affiliates		
Stichting Oxfam International	\$ 19,687	\$ 22,255
Oxfam Great Britain	23,312	14,167
Oxfam India	-	2,597
Oxfam Mexico	379	1,137
Oxfam Brazil	-	387
Oxfam Novib	3,475	4,128
Oxfam South Africa	287	1,080
Oxfam America	140	-
Oxfam Belgium	499	-
Oxfam Turkey	42	428
Oxfam Colombia	1,560	-
	<u>\$ 49,381</u>	<u>\$ 46,179</u>

20 Material related party transactions (continued)

(b) Key management personnel remuneration

For the year ended 31 March 2023, key management personnel consists of Director General, Director of Fundraising and Communications, Director of Hong Kong, Macau, Taiwan Programme Unit, Director of Operations, China Programme Director and Deputy China Programme Director.

For the year ended 31 March 2022, key management personnel consists of the Director General, Acting Director of Fundraising, Director of Hong Kong, Macau, Taiwan Programme Unit, Director of Operations, China Programme Director/Advisor, Deputy China Programme Director.

Remuneration for key management personnel is as follows:

	2023 '000	2022 '000
Salaries, allowance and benefits in kind	\$ 5,732	\$ 5,957
Contributions to defined contribution retirement plan	337	405
	<u>\$ 6,069</u>	<u>\$ 6,362</u>

21 Statement of financial position of the company

	Note	2023 '000	2022 '000
Non-current assets			
Property, plant and equipment		\$ 50,851	\$ 50,780
Investment in a subsidiary	21(a)	-	-
		\$ 50,851	\$ 50,780
Current assets			
Inventories		\$ 4	\$ 25
Prepayments, deposits and other receivables		5,684	4,141
Amount due from a subsidiary		6,105	5,062
Amount due from Oxfam affiliates		604	-
Cash and cash equivalents		107,740	102,106
		\$ 120,137	\$ 111,334
Current liabilities			
Accounts and other payables		\$ 16,686	\$ 12,823
Grants payable		1,949	1,117
Deferred revenue		8,686	13,027
Amount due to an Oxfam affiliate		5,039	-
		\$ 32,360	\$ 26,967
Net current assets		\$ 87,777	\$ 84,367
NET ASSETS		\$ 138,628	\$ 135,147
Represented by:			
RESERVES	17(a)	\$ 138,628	\$ 135,147

Approved and authorised for issue by the Council members on: **15 JUL 2023**

Cheung, Yuk Tong x  x) Council member

Setchina, Alexandra Andreevna x  x) Council member

21 Statement of financial position of the company (continued)

(a) Investment in a subsidiary

Details of the company's subsidiary at 31 March 2023 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 Information on the fund-raising activities 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, which allowed the group to conduct fund-raising activities in public area to raise donations for poverty alleviation projects, as well as fundraising and operating expenses. During the validity period of the PSP from 1 January 2022 to 31 December 2022, income and expenditure of the public fund-raising activities is as below:

	<i>For the period from 1 January 2022 to 31 December 2022 '000</i>
Public fundraising income	\$ 52,374
Expenditure	(1,342)
Excess of income over expenditure	<u>\$ 51,032</u>

The above excess of income over expenditures were incurred from the fund-raising activities covered by the PSP number 2021/133/1, 2021/133/2, 2021/133/3, 2021/133/4, 2021/133/5, 2021/133/6, 2021/133/7, 2021/133/8, 2021/133/9, 2021/133/10, 2021/133/11, 2021/133/12, 2021/133/13, 2021/133/14, 2021/133/15, 2021/133/16 issued by the Social Welfare Department during the period from 1 January 2022 to 31 December 2022.

23 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2023

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, which are not yet effective for the year ended 31 March 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the group.

	<i>Effective for accounting periods beginning on or after</i>
HKFRS 17, <i>Insurance contracts</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements</i> and HKFRS Practice Statement 2, <i>Making materiality judgements: Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024

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 financial statements.