

LA SALLE FOUNDATION LIMITED

喇沙基金有限公司

(incorporated in Hong Kong and limited by guarantee without a share capital)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**



華德會計師事務所

CW CPA Certified Public Accountants

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DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activities of La Salle Foundation Limited (hereinafter referred to as "the Foundation") are to promote and advance in all aspects education of all levels, the quality in education and all matters of or concerning education in Hong Kong and in particular the provision and maintenance of educational facilities at La Salle College and La Salle Primary School.

RESULTS

The results of the Foundation for the year ended 31 March 2018 are set out on page 3 of the financial statements.

RESERVES

Movements in the reserves of the Foundation during the year are set out on page 5 of the financial statements.

DIRECTORS

The directors during the year and up to the date of this report were :

Huang Lester Garson	(Chairman)
Mong Tak Yeung David	(Vice chairman)
Li Chi Pang	(Honorary secretary)
So Chi Tak	(Committee member)
Tierney James Christopher	(Committee member)
Pau Shiu Hung Artisticide	(Committee member)
Chu Wing Fei Leonard	(Committee member)
Chan Kit Ying Charles	(Committee member)
Lee Shiu Fung Roger	(Committee member)
Tong Wun Sing	(Committee member)
Yuen Kwok Kin Andrew	(Honorary treasurer, appointed on 11 August 2017)
Chandni Nair	(Committee member, appointed on 11 August 2017)
Leung Kwok Wai Jimmy	(Honorary treasurer, resigned on 11 August 2017)
Bo Ho Man Herman	(Committee member, resigned on 11 August 2017)

In accordance with Articles 32 and 33 of the Foundation's Articles of Association, all directors with the exception of the ex-officio directors retire at the forthcoming annual general meeting but may offer themselves for re-election.

DIRECTORS' REPORT (continued)

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE FOUNDATION'S BUSINESS

No transactions, arrangements or contracts of significance in relation to the Foundation's business to which the Foundation was a party and in which a director of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN THE UNDERLYING SHARE AND DEBENTURE OF THE FOUNDATION

At no time during the year was the Foundation a party to any arrangement to enable the directors of the Foundation to acquire benefits by means of the acquisition of shares in, or debentures of, the Foundation or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Foundation were entered into or existed during the year.

BUSINESS REVIEW

The Foundation falls within the reporting exemption for the year and is exempted from preparation of a business review in this report.

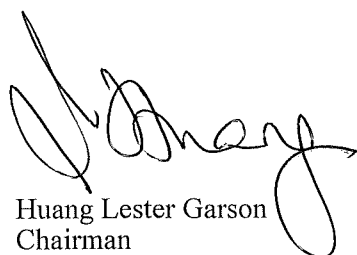
PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, was or is there, any permitted indemnity provision being in force for the benefit of any of the directors of the Foundation or an associated company.

HONORARY AUDITOR

The financial statements have been audited by CW CPA, Certified Public Accountants, who retire and, being eligible, offer themselves for reappointment.

On behalf of the board



Huang Lester Garson
Chairman

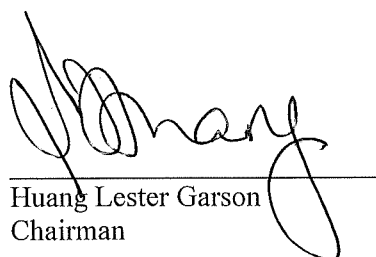
HONG KONG, 22 JUN 2018

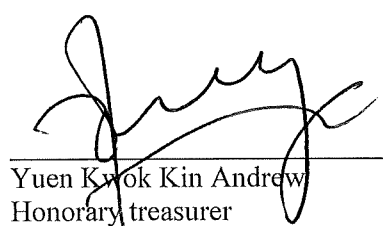
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2018**

	2018 HK\$	2017 HK\$
Income		
Donations received		
- Diamond Jubilee Fundraising Campaign	21,834,907	-
- General	<u>2,666,408</u>	<u>414,582</u>
	24,501,315	414,582
Bond interest income	126,496	125,390
Interest income on bank deposits	<u>138</u>	<u>136</u>
	<u>24,627,949</u>	<u>540,108</u>
Expenditure		
Bank charges	3,123	2,080
Donations paid	1,102,958	6,566,140
Investment management and brokerage fees	832	828
Sundry expenses	<u>1,110</u>	<u>105</u>
	<u>1,108,023</u>	<u>6,569,153</u>
Surplus / (Deficit) for the year	23,519,926	(6,029,045)
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the year	<u>23,519,926</u>	<u>(6,029,045)</u>

**STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2018**

	Note	2018 HK\$	2017 HK\$
ASSETS			
Non-current assets			
Held-to-maturity financial assets	6	<u>2,722,908</u>	<u>2,726,484</u>
Current assets			
Interest receivable		4,299	4,299
Bank balances		<u>36,309,196</u>	<u>13,168,681</u>
		<u>36,313,495</u>	<u>13,172,980</u>
TOTAL ASSETS		<u>39,036,403</u>	<u>15,899,464</u>
FUNDS AND LIABILITIES			
General funds			
Accumulated surplus		39,036,400	15,516,474
Current liabilities			
Other payables	7	<u>3</u>	<u>382,990</u>
TOTAL FUNDS AND LIABILITIES		<u>39,036,403</u>	<u>15,899,464</u>


 Huang Lester Garson
 Chairman


 Yuen Kwok Kin Andrew
 Honorary treasurer

**STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED 31 MARCH 2018**

	Accumulated surplus HK\$
At 1 April 2016	21,545,519
Total comprehensive loss for the year	<u>(6,029,045)</u>
At 31 March 2017	<u>15,516,474</u>
At 1 April 2017	15,516,474
Total comprehensive income for the year	<u>23,519,926</u>
At 31 March 2018	<u>39,036,400</u>

**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2018**

	2018 HK\$	2017 HK\$
Cash flows from operating activities		
Surplus / (Deficit) for the year	23,519,926	(6,029,045)
Adjustments for :		
Bond interest income	(126,496)	(125,390)
Interest income	<u>(138)</u>	<u>(136)</u>
Operating surplus / (deficit) before working capital changes	23,393,292	(6,154,571)
Changes in working capital		
- Other payables	<u>(382,987)</u>	<u>382,990</u>
Net cash generated from / (used in) operating activities	23,010,305	(5,771,581)
Cash flow from investing activities		
Interest received	<u>130,210</u>	<u>129,102</u>
Net cash generated from investing activities	<u>130,210</u>	<u>129,102</u>
Net increase / (decrease) in cash and cash equivalents	23,140,515	(5,642,479)
Cash and cash equivalents at the beginning of the year	<u>13,168,681</u>	<u>18,811,160</u>
Cash and cash equivalents at the end of the year	<u>36,309,196</u>	<u>13,168,681</u>
Analysis of the balances of cash and cash equivalents		
Bank balances	<u>36,309,196</u>	<u>13,168,681</u>

NOTES TO THE FINANCIAL STATEMENTS

1 LEGAL STATUS

La Salle Foundation Limited (“the Foundation”) was incorporated under the Companies Ordinance and is limited by guarantee without a share capital. Under the provision of the Foundation’s Memorandum and Articles of Association, every member of the Foundation undertakes to contribute to the assets of the Foundation to the extent of HK\$50 in the event of the Foundation being wound up. The address of its registered office is 18 La Salle Road, Kowloon, Hong Kong.

The principal activities of the Foundation are to promote and advance in all aspects education of all levels, the quality in education and all matters of or concerning education in Hong Kong and in particular the provision and maintenance of educational facilities at La Salle College and La Salle Primary School.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Foundation.

2 PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation and changes in accounting policies

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), and the requirements of Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is historical cost.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation’s accounting policies. There is no area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements.

(a) New and amended standards adopted by the Foundation

The Foundation has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2017.

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to HKAS 12, and;
- Disclosure initiative – amendments to HKAS 7.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation and changes in accounting policies (continued)

- (b) *Standards, amendments and interpretations to existing standards that are relevant to the Foundation but not yet effective and have not been early adopted by the Foundation*

Up to the date of this report, a number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2018, and have not been applied in preparing these financial statements. None of these will have material effect on the financial statements of the Foundation.

2.2 Revenue recognition

- (i) Donations received are recognized in the year in which they are being received by the Foundation.
- (ii) Investment income is recognized when the right to receive payment is established.
- (iii) Interest income is recognized on a time proportion basis, taking into account the principal amount outstanding and the interest rate applicable.

2.3 Held-to-maturity financial assets

Investment in non-derivative financial assets with fixed or determinable payments and fixed maturity that the Foundation has the positive intention and ability to hold to maturity are classified as held-to-maturity investments, which are measured at amortized cost using the effective interest method, less impairment losses, if any.

Impairment losses on held-to-maturity investments are recognized in statement of comprehensive income when there is objective evidence that an impairment loss has been incurred and are measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at its original effective interest rate computed at initial recognition.

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

2.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories of financial assets. At the end of the reporting period subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in other comprehensive income and accumulated in investment reserves, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment reserves is reclassified to the income and expenditure. Impairment losses on available-for-sale equity investments will not be reversed through the income and expenditure in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets. They are carried at amortised cost using the effective interest method, less any identified impairment loss. An impairment loss is recognised in the income and expenditure when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss is reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.7 Cash equivalents

For the purpose of the statement of cash flows, cash equivalents represent short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.8 Provisions and contingencies

A provision is recognized when there is present obligation, legal or constructive, as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Foreign currencies

Transactions entered into by the Foundation in a currency other than the currency of the primary economic environment in which it operates (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Exchange difference arising on the retranslation of unsettled monetary assets and liabilities are similarly recognized immediately in the profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

2.10 Related parties

For the purposes of these financial statements, parties are considered to be related to the Foundation if the Foundation has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Foundation and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

3 FINANCIAL RISK MANAGEMENT

The Foundation’s major financial instruments are held-to-maturity financial assets, bank fixed deposits and bank balances. The Foundation does not have any written risk management policies and guidelines.

No sensitivity analysis or other quantitative disclosure relating to each type of risk arising from financial instruments is presented as the directors consider there is no material financial risk exposure to the Foundation.

(a) Interest rate risk

As the Foundation does not have any interest-bearing borrowings, the Foundation’s operating cash flows are substantially independent of changes in market interest rate.

(b) Credit risk

The bank balances are deposited with major financial institutions located in Hong Kong. The directors of the Foundation consider the credit risk for such is minimal. No other financial assets carry a significant exposure to credit risk.

(c) Price risk

The Foundation’s investment in debt securities are classified as held-to-maturity financial assets. The Foundation is not exposed price risk as the investment will be held to maturity.

(d) Foreign exchange risk

Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the Foundation. The Foundation’s investment in debt securities is denominated in US\$. As Hong Kong Dollars is pegged to the US\$, it is considered that the foreign currency exposure from US\$ is relatively insignificant.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

(e) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. The Foundation's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves and cash balance to meet its liquidity requirements in the short and longer term. The current financial strength poses no threat of liquidity to the Foundation.

4 DIRECTORS' REMUNERATION

None of the directors received any emoluments in respect of their services rendered to the Foundation during the year. (2017 : nil)

5 TAXATION

The Foundation is exempt from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance.

6 HELD-TO-MATURITY FINANCIAL ASSETS

	2018 HK\$	2017 HK\$
Listed fixed interest debt securities in Hong Kong	<u>2,722,908</u>	<u>2,726,484</u>
	HK\$	HK\$
Fair value	<u>2,837,087</u>	<u>2,897,389</u>

None of the held-to-maturity financial assets are either past due or impaired. All held-to-maturity financial assets are denominated in United States Dollars. Fair value was determined by reference to published price quotations in an active market. It is classified as level 1 in the fair value hierarchy.

7 OTHER PAYABLES

All of the other payables are expected to be settled or recognized as income within one year or are repayable on demand, and the carrying amounts approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 RELATED PARTY TRANSACTIONS

- (a) Except for the transactions and balances disclosed elsewhere in these financial statements, the Foundation did not have other major transactions with related parties.
- (b) Members of key management during the year comprised only the directors whose remuneration is set out in note 4 to the financial statements.

9 APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 3 to 12 were approved and authorized for issue by the board of directors on **22 JUN 2018**.



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Partners

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THOMAS W S WONG, FCPA (Practising)

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ROSANNA Y T CHOI, FCPA (Practising)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LA SALLE FOUNDATION LIMITED

喇沙基金有限公司

(incorporated in Hong Kong and limited by guarantee without a share capital)

Opinion

We have audited the financial statements of La Salle Foundation Limited (the "Foundation") set out on pages 3 to 12, which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as at 31 March 2018, and of its financial performance and its 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 Financial Statements section of our report. We are independent of the Foundation in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LA SALLE FOUNDATION LIMITED (continued)

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LA SALLE FOUNDATION LIMITED (continued)**

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

CW CPA

Certified Public Accountants

HONG KONG, 22 JUN 2018