

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
香港沃土發展社
(REGISTERED UNDER THE SOCIETIES ORDINANCE)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

CHINAWEAL CPA & CO.

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
香港沃土發展社
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REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
香港沃土發展社
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REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021

The members of the executive committee have pleasure in submitting the annual report together with the audited financial statements for the year ended 31 March 2021.

PRINCIPAL PLACE OF BUSINESS

Institute for Integrated Rural Development, Hong Kong is a charity registered with the Government of the Hong Kong Special Administrative Region under the Societies Ordinance. The address of its principal place of business is located at Flat C, 2/F., TLP 132, 132-134 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Institute during the year were engaged in promoting social, cultural, educational, economic and medical development in poverty-stricken regions of China through financial support, research, and project development.

FINANCIAL STATEMENTS

The results of the Institute for the year ended 31 March 2021 and the state of the Institute's affairs at that date are set out on page 6 - 16 of the financial statements.

MEMBERS OF COMMITTEE

The members of committee who hold the office up to date of report were:

Chan Ho Yi
Chan Hok Nam
Cheng Sui Ho Horace
Cheung Man Chung
Ho Wing Chung
Lam Ka Keung
Leung Yue Kong
Pun Oi Yee
Sin Wai Sum
Sze Yuk Hiu
Tsoi Shim Kuen

All committee members shall be elected at the Annual General Meeting and the term of office shall be four years.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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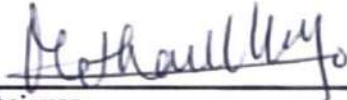
REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2021

AUDITOR

Chinaweal CPA & Co. Certified Public Accountants (Practising) were appointed as Institute's auditor who retire and, being eligible for re-appointment.

A resolution for the re-appointment of Chinaweal CPA & Co. Certified Public Accountants (Practising) as auditor of the Institute is to be proposed at the forthcoming Annual General Meeting.

By order of the Committee



Chairman

Hong Kong, 23 MAR 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

香港沃土發展社

(registered under the Societies Ordinance Section 5A(1) Chapter 151)

We have audited the financial statements of Institute for Integrated Rural Development, Hong Kong ("the Institute") set out on pages 6 to 16, which comprise the statement of financial position as at 31 March 2021, the statement of comprehensive income and expenditure, statement of changes in general fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Institute as at 31 March 2021, 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 Institute 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 executive committee members are responsible for the other information. The other information comprises the information included in the report of the executive committee, but does not include the financial statements and our auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

香港沃土發展社

(registered under the Societies Ordinance Section 5A(1) Chapter 151)

Responsibilities of Executive Committee Members and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, the executive members are responsible for assessing the Institute'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 executive members either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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. 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 and opinion on the effectiveness of the Institute's internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

香港沃土發展社

(registered under the Societies Ordinance Section 5A(1) Chapter 151)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the executive committee 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 Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.
- 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 those charged with governance 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.



Chinaweal CPA & Co.
Certified Public Accountants (Practising)
Hong Kong, 23 MAR 2022

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
香港沃土發展社

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2021

		<u>2021</u>	<u>2020</u>
		<u>HK\$</u>	<u>HK\$</u>
	<u>Note</u>		
DONATION INCOMES	4	3,792,805	4,130,466
OTHER REVENUES	4	300,849	603,717
		<u>4,093,654</u>	<u>4,734,183</u>
OPERATING EXPENSES			
Auditors' remuneration		13,000	14,000
Bank charges		3,941	8,476
Exchange loss		-	55,108
Membership fee		2,330	2,330
Project expenses for emergency relief		1,325,445	440,871
Project expenses for Hong Kong education programm	5	987,121	695,820
Project expense for integrated development		-	198,388
Project expenses for medical projects		185,275	455,397
Project expenses for moral education		29,453	331,587
Project expenses for scholarship and bursary		1,287,802	2,429,186
Project expense for social enterprise		55,701	129,960
Rent		51,840	51,840
Salaries		80,680	94,920
Staff insurance		-	35,371
Staff training		-	503
Sundry expenses		7,263	83,873
Telecommunications		6,943	12,672
Travelling allowances		88	2,884
Trip expenses		14,707	14,244
		<u>4,051,589</u>	<u>5,057,430</u>
SURPLUS / (DEFICIT) FOR THE YEAR		42,065	(323,247)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL SURPLUS / (DEFICIT) FOR THE YEAR		<u>42,065</u>	<u>(323,247)</u>

The notes on pages 10 to 16 form part of these financial statements.

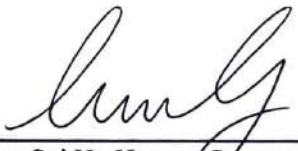
INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021

		<u>2021</u> <u>HK\$</u>	<u>2020</u> <u>HK\$</u>
	<u>Note</u>		
CURRENT ASSETS			
Rental deposit		10,178	10,178
Prepayment		25,138	41,894
Accounts receivable		-	113,594
Amount due from a related company	7	100,545	100,545
Other receivable		123,381	306,418
Cash and bank balances		726,470	413,789
		985,712	986,418
CURRENT LIABILITIES			
Loan from Sundry creditor	8	(300,000)	(300,000)
Accrued charges		(62,869)	(105,640)
		(362,869)	(405,640)
NET ASSETS		<u>622,843</u>	<u>580,778</u>
FUND			
General fund		<u>622,843</u>	<u>580,778</u>

Approved and authorised for issue by the Executive Committee on 23 MAR 2022


 Ho Wing Chung, Chairman


 Cheng Sui Ho Horace, Secretary

The notes on pages 10 to 16 form part of these financial statements.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
香港沃土發展社

STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED 31 MARCH 2021

	<u>HK\$</u>
At 1 April 2019	904,025
Deficit for the year	(323,247)
At 31 March 2020	<u>580,778</u>
Surplus for the year	42,065
At 31 March 2021	<u><u>622,843</u></u>

The notes on pages 10 to 16 form part of these financial statements.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
香港沃土發展社

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> <u>HK\$</u>	<u>2020</u> <u>HK\$</u>
Cash flows from operating activities			
Surplus / (deficit) for the year		42,065	(323,247)
Adjustments for:			
Interest income	4	(9)	(514)
Operating surplus / (deficit) before changes in working capital		42,056	(323,761)
Decrease / (increase) in other receivable		183,037	(34,970)
Decrease / (increase) in accounts receivable		113,594	(113,594)
Increase in amount due from a related party		-	(70,000)
Decrease in prepayment		16,756	23,184
Increase in sundry creditor		-	300,000
(Decrease) / increase in accrued charges		(42,771)	62,640
Net cash generated from / (used in) operating activities		<u>312,672</u>	<u>(156,501)</u>
Cash flows from investing activities			
Interest income	4	9	514
Net cash generated from investing activities		<u>9</u>	<u>514</u>
Net increase / (decrease) in cash and cash equivalents		312,681	(155,987)
Cash and cash equivalents at the beginning of year		413,789	569,776
Cash and cash equivalents at the end of year		<u>726,470</u>	<u>413,789</u>
Analysis of the balances of cash and cash equivalents			
Cash at bank		665,262	381,479
Cash on hand		61,208	32,310
	3(f)	<u>726,470</u>	<u>413,789</u>

The notes on pages 10 to 16 form part of these financial statements.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG

香港沃土發展社

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION

Institute for Integrated Rural Development, Hong Kong is a charity registered with the Government of the Hong Kong Special Administrative Region under the Societies Ordinance. The address of its principal place of business is located at Flat C, 2/F., TLP 132, 132-134 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The principal activities of the Institute during the year were engaged in promoting social, cultural, educational, economic and medical development in poverty-stricken regions of China, through financial support, research, and project development.

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The Institute's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs) which 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. A summary of significant accounting policies adopted by the Institute is set out in note 3.

In 2021, the Institute has initially applied the new and revised HKFRSs issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2020, including:

Amendments to HKAS 1 and 8, Amendments to definition of material

Conceptual Framework for Financial Reporting 2018

The application of the new and revised HKFRSs has no material effects on the Institute's financial performance and positions.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

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

The Institute's management makes assumptions, estimates and judgements in the process of applying the Institute's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

(b) Accounts and other receivables

Accounts and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the statement of comprehensive income and expenditure.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition

Provided it is probable that the economic benefits will flow to the Institute and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income and expenditure as follows:

- (i) Donation income is recognized when the money is received from the donor;
- (ii) Management fee income is recognised when the related services are rendered; and
- (iii) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(d) Employee benefits

Salaries, annual bonuses, mandatory provident fund contribution and paid annual leave 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.

(e) Foreign currency translations

Items included in the financial statements of the Institute are measured using the currency of the primary economic environment in which the Institute operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Institute's functional and presentation currency.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair value was determined. Exchange gains and losses are recognised in the statement of comprehensive income and expenditure.

(f) Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are 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.

(g) Grants or donations from government or third parties

Grants or donations from government or third parties, earmarked for specific purposes, are initially recognised as deferred income and then recognised in the statement of comprehensive income and expenditure over the relevant period to match with the related costs which they are intended to compensate. Grants relating to purchases of property, plant and equipment are set off against the acquisition cost of relevant assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

(i) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

(i) A person or a close member of that person's family is related to the Company if that

- is a member of the key management personnel of the Company;
- has control over the Company; or
- has joint control or significant influence over the reporting entity or has significant voting power in it.

(ii) An entity is related to the Company if any of the following conditions applies:

- the entity are members of the Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- both entities are joint ventures of a third entity.
- either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
- the entity is controlled or jointly controlled by a person identified in (i).
- a person identified in (i) has significant voting power in the entity.

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

4. INCOMES

An analysis of the Institute's incomes is as follows:

	<u>2021</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>
Donation incomes		
Donations		
- General	1,513,038	1,286,775
- Designated programmes	2,279,767	2,843,691
	<u>3,792,805</u>	<u>4,130,466</u>
Other revenues		
Bank interest income	9	514
Exchange gain	3,631	-
Management fee income	70,925	579,250
Sundry income	23,134	23,953
Government Anti-Epidemic Fund	203,150	-
	<u>300,849</u>	<u>603,717</u>
	<u>4,093,654</u>	<u>4,734,183</u>

5. SUPLUS / (DEFICIT) FOR THE YEAR

This is arrived at after charging:

	<u>2021</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>
Auditors' remuneration	13,000	14,000
Exchange loss	-	55,108
Rent	51,840	51,840
Staff costs	* 896,443	130,794

* The above staff costs include staff salaries and staff insurance recognised in "Project expenses for Hong Kong education programmes" in the statement of comprehensive income and expenditure.

6. TAXATION

No Hong Kong Profits Tax has been provided in the financial statements as the Institute is a charitable institution to which tax exemption was granted under Section 88 of the Inland Revenue Ordinance. (2020 : Nil)

INSTITUTE FOR INTEGRATED RURAL DEVELOPMENT, HONG KONG
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

7. AMOUNT DUE FROM A RELATED COMPANY

<u>Name of a related company</u>	<u>Balance at 31.03.2021 HK\$</u>	<u>Balance at 31.03.2020 HK\$</u>	<u>Maximum amount outstanding in the year HK\$</u>
GoHarvest Travel Limited	<u>100,545</u>	<u>100,545</u>	<u>100,545</u>

Mr. Ho Wing Chung and Mr Sze Yuk Hiu, committee members of the Institute, control both the Institute and the related party.

8. Loan from sundry creditor

A loan with principal amounted to HK\$300,000 granted from sundry creditor is unsecured, interest free and no fixed term of repayment.

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to currency, interest rate and credit risks arise in the normal course of the Institute's business. These risks are limited by the Institute's financial management policies and practices described below:

(a) Currency risk

The majority of the Institute's assets by value and all revenue are denominated in Hong Kong dollars. It incurred expenditures in Renminbi which exposed it to currency risk arising from such expenditure. Although Hong Kong dollars is not pegged to Renminbi, the exchange fluctuation on Renminbi for the Institute is insignificant. Thus, there is no significant exposure expected on Renminbi transactions and balances.

(b) Interest rate risk

Apart from the bank deposits, the Institute has no significant interest-bearing assets and liabilities and the Institute's income and operating cash flows are substantially independent of changes in market interest rates.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk

The Company is exposed to credit risk on financial assets, mainly attributable to cash at bank. The credit risk is limited because the counterparty is an authorised financial institution listed in the Hong Kong Stock Exchange and regulated under the Hong Kong Banking Ordinance.

Another principal financial asset is other receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The credit risk is limited because the counterparty is a related party of the Institute.

10. COMMITMENTS UNDER OPERATING LEASES

The Institute had the following total future minimum lease payments payable under non-cancellable operating leases:

	<u>2021</u>	<u>2020</u>
	<u>HK\$</u>	<u>HK\$</u>
Not later than one year	51,840	47,520
Later than one year	203,040	-
	<u>254,880</u>	<u>47,520</u>

11. AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

Up to the date of issue of these financial statements, the HKICPA has issued the following new and revised standards which are not yet effective and which have not been adopted in these financial statements. These include the following which may be relevant to the Institute:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

The Institute is in the process of making an assessment of what the impact of these amendments 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 Institute's results of operations and financial position.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties:

<u>Nature of transaction</u>	<u>2021</u> <u>HK\$</u>	<u>2020</u> <u>HK\$</u>
Management income received from a related company	70,925	579,250
Project expense for Social Enterprise paid to a related company	<u>55,701</u>	<u>129,960</u>

Mr. Ho Wing Chung and Mr. Sze Yuk Hiu, committee members of the Institute, control both the Institute and the related parties.

13. COMPARATIVE FIGURES

Certain comparative figures are reclassified to conform with current year's presentation.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issued by the Institute's Executive Committee on 23 MAR 2022 .