



Oxfam Hong Kong
樂施會

Consolidated Financial Statements
for the year ended 31 March 2015

Report of the Council members

The Council members have pleasure in submitting their annual report and the audited consolidated financial statements for the year ended 31 March 2015.

Business review

Objectives of business

Oxfam Hong Kong (“the company”) is an independent international development and humanitarian organisation working against poverty and related injustice. The company and its subsidiaries (“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 facing poverty and with 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 China, including Hong Kong, and other parts of Asia. The group also supports poverty alleviation and humanitarian activities in other parts of the world, where it could make the most valuable difference. The group works with other members of the International 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 where its support can demonstrably improve people’s well-being, especially by strengthening their livelihoods and increasing their resilience to disasters. The group takes an integrated approach, working with local organisations and groups, especially women, helping to empower them to work for positive change for their communities.

Emergencies

The well-being of poor and vulnerable people is at the core of the group’s humanitarian and disaster risk management programme. It integrates risk reduction strategies in its development work towards reducing and eliminating 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 and supports community actions in saving lives and reducing suffering. It delivers appropriate emergency relief items directly to the affected communities and assists families and communities towards early recovery from the disaster.

Business review (continued)

Main areas of work (continued)

Campaigns and advocacy

The causes of poverty are unjust and unfair policies and practices at the level of governments and 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; develop and propose fair policies; and change mindsets as well as behaviours.

Financial performance

Key financial performance

- Monthly donations from Oxfam Partners amounted to \$154 million, which has been increased by 3% or \$4 million from last year;
- Donations from Oxfam Trailwalker amounted to \$37 million, which has been increased by 9% or \$3 million from last year;
- Income from Oxfam Rice Event amounted to \$3.6 million, which has been increased by 24% or \$0.7 million from last year;
- Overall programme expenditure was \$198 million, representing 84.1% of total expenditure;
- Management and administration costs was \$9 million, representing 3.8% of total expenditure; and
- Fundraising and marketing costs was \$28 million, representing 12% of total expenditure.

With the continued support from the community in this challenging fundraising environment, the group maintained a stable income to support its long-term work in development, emergency responses, advocacy and educational campaigns.

Continuous public support

Monthly donations from Oxfam Partners amounted to \$154 million, and represents an increase of 3% or \$4 million from last year. Over the years, donation income has maintained steady growth. Donation from our supporters in Macau has increased significantly by 73% to \$7.6 million this year.

Business review (continued)

Financial performance (continued)

Continuous public support (continued)

Total income from fundraising events amounted to \$43.1 million, which has been increased by 8% or \$3.3 million from last year. The largest annual event, Oxfam Trailwalker has contributed \$37 million income, represented an increase of 9% or \$3 million over the last year. This year, the group added 100 Oxfam Trailwalker teams and held a spin-off event - the Leader's against Poverty Walk. Oxfam Rice Event has contributed another \$3.6 million income, represented an increase of 24% or \$0.7 million from last year. The group also organised the second Oxfam Walkathon fundraising event in Hong Kong and launched the walkathon event in Macau this year.

Humanitarian appeals income from the public was \$9.6 million. It mainly included \$7.5 million for the earthquake in Zhaotong City of Yunnan and \$1 million for crisis in Gaza. The remaining \$1.1 million was donated for the floods in Southern Africa, Cyclone Pam in Vanuatu and Typhoon Haiyan, which hit the Philippines in 2013.

Grants from HKSAR government rose by \$5.2 million to \$8.6 million. The group received \$5.3 million for the earthquake in Yunnan, \$2.2 million for the floods in Serbia and Bosnia - Herzegovina as well as \$1 million for the floods in Guizhou.

The total income in 2014/15 was \$243.5 million which was 5% or \$12.4 million lower than the previous year. It was primarily due to a decrease in emergency income from humanitarian appeals as a result of fewer large-scale disasters happened during the year.

Investment in programmes

The group supported 902 projects around the world in 2014/15, including 316 new projects in poverty alleviation, humanitarian, advocacy and development education programmes.

The group contributed \$35 million to humanitarian response of which \$14.7 million was in response to appeals made this year. It included \$9 million for the earthquake in Yunnan, \$2.2 million for the floods in Serbia and Bosnia - Herzegovina, \$1.6 million for the floods in Southern Africa, as well as \$1 million for the floods in Guizhou and \$0.9 million for the crisis in Gaza. The group spent another \$20.3 million on recurrent emergencies such as cyclical and climate-related disasters in China, Africa and other countries.

Apart from the humanitarian projects, the group spent the remaining \$163 million in development, advocacy and education projects. It mainly included \$84 million in Mainland China, \$17.5 million in Hong Kong as well as \$9.3 million in Africa, and an overall \$15 million on education programmes.

Business review (continued)

Financial performance (continued)

Investment in programmes (continued)

This year, the group categorised programme expenditure by External Change Goals. The group's two major programme expenditures categorised by goals were *Sustainable Food* and *Saving Lives*. The two change goals totalled \$128.6 million, representing 64.8% of the group's programme expenditure.

Overall programme expenditure was amounted to \$198 million, representing 84.1% of total expenditure.

Reserves and surplus funds

The group aims to apply any surplus funds that exceed its reserve requirements as quickly as possible to its humanitarian relief and long-term development programmes, without compromising its high standards in the design, monitoring and evaluation of these programmes.

The group's reserve policy requires that the group holds general reserves equivalent to a total of three to six months of total unrestricted expenditures leeway for significant and unexpected downturns in revenue, so as to ensure that the group's programmes can continue as planned.

This year, the group recorded a surplus of \$7.7 million. At the end of the financial year, the group's reserves stood at \$184.8 million, representing an increase of 5% or \$8 million from last year. That included \$7.3 million in restricted funds and \$178.5 million in operating reserves, which illustrated that the group are able to remain financially sustainable.

Accountability measures

Management and administration costs represented 3.8% of the group's total expenditure. These expenses contributed to the organisation's general management, administration, financial management, and information technology systems.

Whenever the group makes an appeal for a specific 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.

Business review (continued)

Internal controls

The Finance and Audit Committee, chaired by the Treasurer of the Oxfam Hong Kong Council, meets regularly to review and discuss all financial, auditing and internal control issues related to the agency. It also supervises the internal audit team in assessing the group's internal processes. 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 need to be aware of the impact of all its activities on the environment and on communities.

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

Every project, operation or activity will as part of its management routines consider its impact on the environment and communities. People across the organisation are asked to report 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 impacts.

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

Principles:

- Management

The group will compile a set of Green House Gas ("GHG") emission reduction targets that will act as a guide to the overall environmental sustainability in its operations. The targets will be limited to those that can cost-effectively be measured and have real meaning.

Annually performance against the GHG emission reduction targets will be reported and reviewed.

Green Committee formed from representatives across the organisation will meet from time to time to discuss progress and initiatives.

Business review (continued)

Green policy (continued)

Principles: (continued)

- Responsibility and accountability

The Director General together with the Directors are responsible for setting direction and leadership in environmental sustainability matters and accountable for the group's environmental sustainability performance.

Volunteers, partners and staff are accountable for their environmental impact whilst on the group's business.

All those associated with the group are expected to actively support the group in achieving its environmental sustainability mission.

- Purchasing

The group strives to promote good environmental practices through its purchasing. Whenever possible, it sources products which are fair trade, organic, energy efficient and environmental friendly.

- GHG emissions

The group takes a strong position on the disproportionate impact of climate change on people living in poverty and work to spread public awareness of the links between poverty and climate change. The group's responses to humanitarian disasters are often responses to the impacts of climate change.

The group will actively work to reduce its GHG emissions by:

Carbon Accounting

- Consolidating all data from around the organisation relating to GHG emissions.
- Reporting on annual GHG emissions.
- Setting and reporting on corporate reduction targets.

Enabling Projects

- Providing seed funding and project direction for corporate GHG reduction projects.
- Providing guidance and support for GHG reductions projects around the organisation.

Business review (continued)

Green policy (continued)

Principles: (continued)

- GHG emissions (continued)

Internal Education

- Providing training and information on GHG reduction.
- Working with teams to change ways of working and behaviour to achieve improved carbon management.

- Conservation of energy

The group seeks to minimise GHG emissions from the use of energy in its offices, including using renewable energy, low energy appliances and minimising energy wastage.

- Transport

The group continuously seeks ways to minimise GHG emissions from its air travel and transportation in its work. The group uses alternatives to air travel whenever possible and air travel is only taken when there is a clear justification for the journey. Staff use of public transportation and cycling/walking is encouraged.

- Waste Management

The group seeks to reduce its waste production by reusing, repairing and recycling whenever possible.

- Relationships with local communities

The group will endeavour to foster good relationships with local communities wherever it operates. This may include using local labour and materials. The group will avoid causing nuisance to our neighbours by noise, traffic, waste or pollution. The group will encourage communication between staff and local communities.

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 or colour.

Financial statements

The results of the group for the year ended 31 March 2015 and the state of affairs of the group at that date are set out in the financial statements on pages 12 to 40.

Property, plant and equipment

The movements in fixed assets of the group during the year are set out in note 10 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the group during the year are set out in the consolidated statement of changes in reserves.

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, Bernard Charnwut
Chan, Choi Ying Virginia
Chan, Kar Lok
Chan, Ying Yang Emily
Chesterton, Josephine Mary
Leung, Oi Sie Elsie
Lo, Chi Kin
Ma, Kam Wah
Matsui, Martin Kaoru
Tan, Siew Boi

Council members (continued)

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

Wong, Hung	
Au, Siu Wai Monica	(appointed on 20 September 2014)
Pun, Ngai	(appointed on 20 September 2014)
Cheung, Yuk Tong	(appointed on 30 May 2015)
Ng, Wai Huk Allan	(appointed on 30 May 2015)
To, Yung Sing Herman	(appointed on 30 May 2015)
Chau, Sze Ngai Jeffrey	(retired on 20 September 2014)
Hodson, David Martin	(retired on 20 September 2014)
Hung, Chi Yin Christine	(resigned on 19 January 2015)

In accordance with articles 41 to 43 of the company's articles of association, one-third of the Council members (except the Chairperson) shall retire every year and those who are to retire shall be those who have been longest in office since their last election. All retiring members shall be eligible for re-election.

At no time during the year was the group 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 group or any other body corporate.

No transaction, arrangement or contract of significance to which the group was a party and in which a Council member of the group 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 group is to be proposed at the forthcoming Annual General Meeting.

By order of the Council



Council member

Hong Kong, 18 JUL 2015



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

(Incorporated in Hong Kong and limited by guarantee)

We have audited the consolidated financial statements of Oxfam Hong Kong ("the company") and its subsidiaries ("the group") set out on pages 12 to 40, which comprise the consolidated statement of financial position as at 31 March 2015, 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 a summary of significant accounting policies and other explanatory information.

Council members' responsibilities for the financial statements

The Council members of the company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council members, as well as evaluating the overall presentation of the financial statements.



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

(Incorporated in Hong Kong and limited by guarantee)

Auditor's responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the group as at 31 March 2015 and of the group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Certified Public Accountants

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

18 JUL 2015

Consolidated statement of comprehensive income for the year ended 31 March 2015

(Expressed in Hong Kong dollars)

	<i>Note</i>	2015 '000	2014 '000
Income			
Institutional fundraising income	3	\$ 11,315	\$ 9,398
Public fundraising income	4	228,472	241,999
Interest and investment income	5	1,552	1,452
Trading income		1,915	2,238
Other income		292	849
		\$ 243,546	\$ 255,936
Expenditure			
Programme implementation costs		\$ 171,720	\$ 185,747
Programme management costs		26,638	26,316
Fundraising and marketing costs	6	28,261	26,715
Management and administration costs		9,009	5,563
Foreign exchange differences, net		171	726
		\$ 235,799	\$ 245,067
Surplus for the year	7	\$ 7,747	\$ 10,869
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to surplus or deficit:</i>			
Available-for-sale investments:			
Reclassification adjustments for amounts transferred to surplus or deficit upon disposal		\$ 236	\$ -
Changes in fair value		150	(2,204)
		\$ 386	\$ (2,204)
Total comprehensive income for the year		\$ 8,133	\$ 8,665

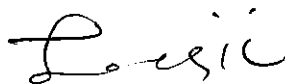
The notes on pages 17 to 40 form part of these consolidated financial statements.

Consolidated statement of financial position at 31 March 2015


(Expressed in Hong Kong dollars)

	<i>Note</i>	2015 '000	2014 '000
Non-current assets			
Property, plant and equipment	10	\$ 54,034	\$ 55,048
Available-for-sale investments	11	14,222	28,578
Loan to an affiliate	12	297	507
		<u>\$ 68,553</u>	<u>\$ 84,133</u>
Current assets			
Inventories	13	\$ 4,743	\$ 3,646
Prepayments, deposits and other receivables		7,072	2,563
Loan to an affiliate	12	99	127
Cash and cash equivalents	14	115,945	101,989
		<u>\$ 127,859</u>	<u>\$ 108,325</u>
Current liabilities			
Accounts payable, other payables and accruals	15	\$ 9,807	\$ 10,133
Grants payable	15	271	4,199
Deferred revenue		1,560	1,485
		<u>\$ 11,638</u>	<u>\$ 15,817</u>
Net current assets		<u>\$ 116,221</u>	<u>\$ 92,508</u>
NET ASSETS		<u>\$ 184,774</u>	<u>\$ 176,641</u>
Represented by:			
RESERVES	16	<u>\$ 184,774</u>	<u>\$ 176,641</u>

Approved and authorised for issue by the Council members on: 18 JUL 2015



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) Council member
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The notes on pages 17 to 40 form part of these consolidated financial statements.

Consolidated statement of changes in reserves
for the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Africa development fund (Note 16(b)(i)) '000	China development fund (Note 16(b)(ii)) '000	Sichuan earthquake fund (Note 16(b)(iii)) '000	Education fund (Note 16(b)(iv)) '000	Operation reserve '000	Investment revaluation reserve (Note 16(b)(v)) '000	Total reserves '000
At 1 April 2013	\$ 2,396	\$ 3,067	\$ 1,213	\$ 5,753	\$ 154,828	\$ 719	\$ 167,976
Changes in reserves for 2014:							
(Deficit)/surplus for the year	\$ (2,560)	\$ (28,650)	\$ (4,693)	\$ (5,431)	\$ 52,203	\$ -	\$ 10,869
Other comprehensive income	-	-	-	-	-	(2,204)	(2,204)
Total comprehensive income for the year	\$ (2,560)	\$ (28,650)	\$ (4,693)	\$ (5,431)	\$ 52,203	\$ (2,204)	\$ 8,665
Transfers	\$ 164	\$ 32,720	\$ 3,480	\$ 964	\$ (37,328)	\$ -	\$ -
At 31 March 2014 and 1 April 2014	\$ -	\$ 7,137	\$ -	\$ 1,286	\$ 169,703	\$ (1,485)	\$ 176,641
Changes in reserves for 2015:							
(Deficit)/surplus for the year	\$ (1,038)	\$ (36,515)	\$ -	\$ 331	\$ 44,969	\$ -	\$ 7,747
Other comprehensive income	-	-	-	-	-	386	386
Total comprehensive income for the year	\$ (1,038)	\$ (36,515)	\$ -	\$ 331	\$ 44,969	\$ 386	\$ 8,133
Transfers	\$ 1,038	\$ 35,116	\$ -	\$ -	\$ (36,154)	\$ -	\$ -
At 31 March 2015	\$ -	\$ 5,738	\$ -	\$ 1,617	\$ 178,518	\$ (1,099)	\$ 184,774

The notes on pages 17 to 40 form part of these consolidated financial statements.

Consolidated cash flow statement
for the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	<i>Note</i>	2015 '000	2014 '000
Operating activities			
Surplus for the year		\$ 7,747	\$ 10,869
Adjustments for:			
Bank interest income		(1,303)	(514)
Other interest income		(8)	(35)
Depreciation		2,857	2,951
Loss/(gain) on disposals of property, plant and equipment		67	(121)
Dividend income from available-for-sale investments		(477)	(903)
Loss on disposal of available-for-sale investments		236	-
Exchange loss/(gain)		124	(9)
		9,243	12,238
Operating surplus before changes in working capital			
		\$ 9,243	\$ 12,238
Increase in inventories		(1,101)	(1,861)
(Increase)/decrease in prepayments, deposits and other receivables		(4,509)	213
Decrease in accounts payable, other payables and accruals		(326)	(11,085)
(Decrease)/increase in grants payable		(3,928)	3,411
Increase in deferred revenue		75	217
		75	217
Net cash (used in)/generated from operating activities		\$ (546)	\$ 3,133

Consolidated cash flow statement
for the year ended 31 March 2015 (continued)
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2015</i> <i>'000</i>	<i>2014</i> <i>'000</i>
Investing activities			
Interest received		\$ 1,311	\$ 549
Dividends received		477	903
Purchases of property, plant and equipment		(1,932)	(618)
Proceeds from disposals of property, plant and equipment		22	128
Proceeds from disposals of available-for-sale investments		14,506	-
(Increase)/decrease in time deposits with original maturity of more than three months when acquired		(12,829)	5,116
Net cash generated from investing activities		<u>\$ 1,555</u>	<u>\$ 6,078</u>
Financing activity			
Repayment from loan to an affiliate		<u>\$ 118</u>	<u>\$ 123</u>
Net cash generated from financing activity		<u>\$ 118</u>	<u>\$ 123</u>
Net increase in cash and cash equivalents		\$ 1,127	\$ 9,334
Cash and cash equivalents at 1 April		<u>92,019</u>	<u>82,685</u>
Cash and cash equivalents at 31 March	14	<u>\$ 93,146</u>	<u>\$ 92,019</u>

The notes on pages 17 to 40 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 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”) and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the company and its subsidiaries (“the group”) is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the group. There have been no significant changes to the accounting policies applied in these financial statements for the year presented as a result of these developments.

The group has not applied any amendments, new standards or interpretations that are not yet effective for the current accounting period (see note 21).

2 Significant accounting policies (continued)

(b) *Basis of preparation of the financial statements*

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

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.

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) *Subsidiaries*

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed, 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 group 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, except those subsidiaries in which the directors are of the opinion that consolidation would involve expense and delay out of the value to members of the company. 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, investments in subsidiaries are stated at cost less impairment losses.

2 Significant accounting policies (continued)

(d) *Other investments in debt and equity securities*

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in the consolidated statement of comprehensive income as incurred. At the end of the reporting period the fair value is remeasured, with any resultant gain or loss being recognised in the consolidated statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(m)(ii) and (iii).

Dated debt securities that the group have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses.

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of the reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses. Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in the consolidated statement of comprehensive income in accordance with the policies set out in notes 2(m)(ii) and 2(m)(iii), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in the consolidated statement of comprehensive income.

2 Significant accounting policies (continued)

(e) *Property, plant and equipment*

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses.

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

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

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

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in the consolidated statement of comprehensive income 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 the consolidated statement of comprehensive income on the date of retirement or disposal.

2 Significant accounting policies (continued)

(f) Leased assets

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

(i) Classification of assets leased to the group

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

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

(ii) Assets acquired under finance leases

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

2 Significant accounting policies (continued)

(f) Leased assets (continued)

(iii) Operating lease charges

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

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(g) Inventories

Inventories represents humanitarian supplies.

Humanitarian supplies are valued at cost 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. Obsolete inventories are written off. When humanitarian supplies are consumed, the cost of such humanitarian supplies are included in programme implementation costs.

(h) Prepayments, deposits and other receivables

Prepayments, deposits and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the group about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

2 Significant accounting policies (continued)

(h) *Prepayments, deposits and other receivables (continued)*

Impairment losses for debtors included within prepayments, deposits and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the group is satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the consolidated statement of comprehensive income.

(i) *Accounts payable, other payables and accruals*

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

(j) *Cash and cash equivalents*

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

(k) *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*

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

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

2 Significant accounting policies (continued)

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of comprehensive income as follows:

(i) 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.

(ii) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

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

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Institutional fundraising income

Institutional fundraising income are recognised when there is reasonable assurance that the group will comply with the conditions, if any, attached to them and that the grants will be received. Grants that compensate the group for expenses incurred are recognised as income in the consolidated statement of comprehensive income 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 deducted from the carrying amount of the asset and consequently are effectively recognised in the consolidated statement of comprehensive income over the useful life of the asset by way of reduced depreciation expense.

(n) 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 the consolidated statement of comprehensive income.

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).

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

	2015 '000	2014 '000
Oxfam Belgium (2015: Nil; 2014: EUR50,588)	\$ -	\$ 521
Oxfam Canada (2015: Nil; 2014: CAD23,863)	-	172
Oxfam Great Britain (2015: EUR50,192 and GBP16,445; 2014: EUR89,042, USD8,579 and GBP48,598)	708	1,554
Oxfam Ireland (2015: EUR4,732, GBP3,430; 2014: Nil)	90	-
Oxfam Novib (2015: Nil; 2014: EUR179,560)	-	1,831
	<hr/>	<hr/>
Oxfam's international members	\$ 798	\$ 4,078
Other institutions	1,880	1,917
Government	8,637	3,403
	<hr/>	<hr/>
	<u>\$ 11,315</u>	<u>\$ 9,398</u>

4 Public fundraising income

	2015 '000	2014 '000
Oxfam Trailwalker event *	\$ 32,853	\$ 29,843
Operating income **	4,159	4,233
Other public fundraising revenue	191,460	207,923
	<hr/>	<hr/>
	<u>\$ 228,472</u>	<u>\$ 241,999</u>

* Includes total income of \$20,922,000 (2014: \$18,785,000) from donors for Oxfam Trailwalker of which the relevant participants are eligible for the lottery draw of Oxfam Trailwalker.

** Operating income represents application and registration fees, and corporate sponsorship fees for the Oxfam Trailwalker event, and was recognised when received.

5 Interest and investment income

	<i>2015</i>	<i>2014</i>
	<i>'000</i>	<i>'000</i>
Bank interest income	\$ 1,303	\$ 514
Dividend income from available-for-sale (“AFS”) investments	477	903
Loss on disposal of AFS investments	(236)	-
Other interest income	8	35
	<u>\$ 1,552</u>	<u>\$ 1,452</u>

6 Fundraising and marketing costs

	<i>2015</i>	<i>2014</i>
	<i>'000</i>	<i>'000</i>
Lottery event for Oxfam Trailwalker	\$ 15	\$ 14
Trading costs	563	592
Other fundraising and communication costs	27,683	26,109
	<u>\$ 28,261</u>	<u>\$ 26,715</u>

7 Surplus for the year

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

	2015 '000	2014 '000
(a) Staff costs		
Contributions to defined contribution retirement plan *	\$ 2,752	\$ 2,975
Salaries, wages and other benefits *	<u>54,791</u>	<u>56,903</u>
	<u>\$ 57,543</u>	<u>\$ 59,878</u>
(b) Other items		
Depreciation *	\$ 2,857	\$ 2,951
Operating lease charges in respect of land and buildings *	3,178	2,917
Auditors' remuneration	357	392
Cost of inventories expensed	15,175	9,107
Loss/(gain) on disposals of property, plant and equipment	<u>67</u>	<u>(121)</u>

* These respective balances were included in programme implementation costs, programme management costs, fundraising and marketing costs, management and administration costs according to the basis determined by the management:

	2015				Total '000
	Programme implementation costs '000	Programme management costs '000	Fundraising and marketing costs '000	Management and administration costs '000	
(a) Staff costs					
Contributions to defined contribution plan	\$ 763	\$ 871	\$ 898	\$ 220	\$ 2,752
Salaries, wages and other benefits	<u>19,226</u>	<u>16,712</u>	<u>14,864</u>	<u>3,989</u>	<u>54,791</u>
	<u>\$ 19,989</u>	<u>\$ 17,583</u>	<u>\$ 15,762</u>	<u>\$ 4,209</u>	<u>\$ 57,543</u>
(b) Other items					
Depreciation	\$ 416	\$ 1,005	\$ 987	\$ 449	\$ 2,857
Operating lease charges in respect of land and buildings	<u>343</u>	<u>1,610</u>	<u>823</u>	<u>402</u>	<u>3,178</u>

7 Surplus for the year (continued)

	2014				Total '000
	<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>	
(a) Staff costs					
Contributions to defined contribution plan	\$ 937	\$ 927	\$ 903	\$ 208	\$ 2,975
Salaries, wages and other benefits	21,864	16,892	14,391	3,756	56,903
	<u>\$ 22,801</u>	<u>\$ 17,819</u>	<u>\$ 15,294</u>	<u>\$ 3,964</u>	<u>\$ 59,878</u>
(b) Other items					
Depreciation	\$ 487	\$ 1,040	\$ 998	\$ 426	\$ 2,951
Operating lease charges in respect of land and buildings	304	1,459	807	347	2,917
	<u>304</u>	<u>1,459</u>	<u>807</u>	<u>347</u>	<u>2,917</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, and none of its subsidiaries earned any income subject to tax during the year.

9 Council members' remuneration

The Council members' remuneration disclosed pursuant to section 383 of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, for the year is \$Nil (2014: \$Nil).

10 Property, plant and equipment

	<i>Land and buildings</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 2013	\$ 64,614	\$ 5,153	\$ 1,012	\$ 10,444	\$ 3,352	\$ 84,575
Additions	-	47	-	505	66	618
Disposals	-	(16)	(31)	(773)	(296)	(1,116)
At 31 March 2014	<u>\$ 64,614</u>	<u>\$ 5,184</u>	<u>\$ 981</u>	<u>\$ 10,176</u>	<u>\$ 3,122</u>	<u>\$ 84,077</u>
At 1 April 2014	\$ 64,614	\$ 5,184	\$ 981	\$ 10,176	\$ 3,122	\$ 84,077
Additions	-	57	-	1,192	683	1,932
Disposals	-	(62)	(20)	(965)	(225)	(1,272)
At 31 March 2015	<u>\$ 64,614</u>	<u>\$ 5,179</u>	<u>\$ 961</u>	<u>\$ 10,403</u>	<u>\$ 3,580</u>	<u>\$ 84,737</u>
Accumulated depreciation:						
At 1 April 2013	\$ (11,264)	\$ (5,111)	\$ (936)	\$ (7,759)	\$ (2,114)	\$ (27,184)
Charge for the year	(1,293)	(23)	(40)	(1,215)	(380)	(2,951)
Written back on disposals	-	16	31	771	288	1,106
At 31 March 2014	<u>\$ (12,557)</u>	<u>\$ (5,118)</u>	<u>\$ (945)</u>	<u>\$ (8,203)</u>	<u>\$ (2,206)</u>	<u>\$ (29,029)</u>
At 1 April 2014	\$ (12,557)	\$ (5,118)	\$ (945)	\$ (8,203)	\$ (2,206)	\$ (29,029)
Charge for the year	(1,293)	(38)	(27)	(1,191)	(308)	(2,857)
Written back on disposals	-	40	20	903	220	1,183
At 31 March 2015	<u>\$ (13,850)</u>	<u>\$ (5,116)</u>	<u>\$ (952)</u>	<u>\$ (8,491)</u>	<u>\$ (2,294)</u>	<u>\$ (30,703)</u>
Net book value:						
At 31 March 2015	<u>\$ 50,764</u>	<u>\$ 63</u>	<u>\$ 9</u>	<u>\$ 1,912</u>	<u>\$ 1,286</u>	<u>\$ 54,034</u>
At 31 March 2014	<u>\$ 52,057</u>	<u>\$ 66</u>	<u>\$ 36</u>	<u>\$ 1,973</u>	<u>\$ 916</u>	<u>\$ 55,048</u>

The group's land held under a finance lease included in property, plant and equipment with a net carrying amount of \$29,254,000 (2014: \$29,988,000) is situated in Hong Kong and is held under a long term lease.

11 Available-for-sale investments

	<i>2015</i>	<i>2014</i>
	'000	'000
Available-for-sale investments:		
– Listed in Hong Kong	<u>\$ 14,222</u>	<u>\$ 28,578</u>

12 Loan to an affiliate

The balance is unsecured, interest bearing at 5% per annum and repayable in four equal annual instalments.

13 Inventories

	<i>2015</i>	<i>2014</i>
	'000	'000
Humanitarian supplies	<u>\$ 4,743</u>	<u>\$ 3,646</u>

14 Cash and cash equivalents

	<i>2015</i>	<i>2014</i>
	'000	'000
Cash at bank and in hand	\$ 55,565	\$ 50,795
Time deposits with original maturity of less than three months when acquired	<u>37,581</u>	<u>41,224</u>
Cash and cash equivalents as stated in the cash flow statement	\$ 93,146	\$ 92,019
Time deposits with original maturity of more than three months when acquired	<u>22,799</u>	<u>9,970</u>
Cash and cash equivalents as stated in the consolidated statement of financial position	<u>\$ 115,945</u>	<u>\$ 101,989</u>

15 Accounts payable, other payables, accruals and grants payable

The accounts and other payables are non-interest-bearing and have an average term of one month.

16 Reserves

(a) Movements in components of reserves

The reconciliation between the opening and closing balances of each component of the group's 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:

Company

	Africa development fund (Note 16(b)(i)) '000	China development fund (Note 16(b)(ii)) '000	Sichuan earthquake fund (Note 16(b)(iii)) '000	Education fund (Note 16(b)(iv)) '000	Operation reserve '000	Investment revaluation reserve (Note 16(b)(v)) '000	Total reserves '000
At 1 April 2013	\$ 2,396	\$ 2,862	\$ 1,213	\$ 5,752	\$ 154,562	\$ 719	\$ 167,504
Changes in reserves for 2014:							
(Deficit)/surplus for the year	\$ (2,683)	\$ (29,713)	\$ (4,693)	\$ (5,547)	\$ 49,229	\$ -	\$ 6,593
Other comprehensive income	-	-	-	-	-	(2,204)	(2,204)
Total comprehensive income for the year	\$ (2,683)	\$ (29,713)	\$ (4,693)	\$ (5,547)	\$ 49,229	\$ (2,204)	\$ 4,389
Transfers	\$ 164	\$ 32,720	\$ 3,480	\$ 964	\$ (37,328)	\$ -	\$ -
At 31 March 2014 and 1 April 2014	\$ (123)	\$ 5,869	\$ -	\$ 1,169	\$ 166,463	\$ (1,485)	\$ 171,893
Changes in reserves for 2015:							
(Deficit)/surplus for the year	\$ (1,926)	\$ (38,847)	\$ -	\$ (280)	\$ 44,050	\$ -	\$ 2,997
Other comprehensive income	-	-	-	-	-	386	386
Total comprehensive income for the year	\$ (1,926)	\$ (38,847)	\$ -	\$ (280)	\$ 44,050	\$ 386	\$ 3,383
Transfers	\$ 1,038	\$ 35,116	\$ -	\$ -	\$ (36,154)	\$ -	\$ -
At 31 March 2015	\$ (1,011)	\$ 2,138	\$ -	\$ 889	\$ 174,359	\$ (1,099)	\$ 175,276

16 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 fixed assets) 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 has confirmed that such a policy has been complied with throughout the year.

The amounts of the group's reserves and the movements therein for the current and prior years are presented in the statement of changes in reserves.

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

(i) Africa development fund

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

(ii) China development fund

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

(iii) Sichuan earthquake fund

The Sichuan earthquake fund represents a commitment towards long-term development work and emergency relief for Sichuan earthquake. Expenses of the Sichuan earthquake fund only includes programme development costs. No management and administration and fundraising costs are charged to this fund.

16 Reserves (continued)

(b) *Nature and purpose of reserves (continued)*

(iv) 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.

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

(v) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in fair value of available-for-sale investments held at the end of reporting period and is dealt with in accordance with the accounting policy in note 2(d).

17 Financial instruments

Exposure to credit, liquidity, interest rate, currency and bond 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 loan to an affiliate, cash and cash equivalents and prepayments, deposits 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 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.

17 Financial instruments (continued)

(c) Interest rate risk

At the end of the reporting period, the group did not hold any financial assets or liabilities which are exposed to significant interest rate risk.

(d) 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 in overseas.

(e) Bond price risk

The group is exposed to bond price changes arising from bond index fund investments classified as available-for-sale investments (see note 11). All of these investments are listed.

Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

At 31 March 2015, it is estimated that an increase/(decrease) of 1% in the relevant bond market index (for listed investments), with all other variables held constant, would have increased/decreased the group's reserve by \$142,000 (2014: \$286,000).

The sensitivity analysis indicates the instantaneous change in the group's reserve that would arise assuming that the changes in the bond market index had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the group which expose the group to bond price risk at the end of the reporting period. It is also assumed that the fair values of the group's bond index fund investments would change in accordance with the historical correlation with the relevant bond market index or relevant risk variables, that none of the group's available-for-sale investments would be considered impaired as a result of the decrease in the relevant bond market index or relevant risk variables, and that all other variables remain constant.

17 Financial instruments (continued)

(f) Fair value measurement

Financial assets and liabilities carried at fair value

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

The fair values of the group's financial instruments (other than available-for-sale investments) approximate their carrying amount. The group's available-for-sale investments are categorised as level 1 financial instruments. The fair value of the group's available-for-sale investments was \$14,222,000 (2014: \$28,578,000) as at 31 March 2015 which was based on the quoted market price in the Hong Kong Stock Exchange (see note 11).

During the years ended 31 March 2014 and 2015, there were no transfers between level 1 and level 2, or transfers into or out of level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

18 Commitments

(a) *Commitments outstanding at 31 March 2015 not provided for in the consolidated financial statements were as follows:*

	2015 '000	2014 '000
Contracted for:		
– Services to be rendered	\$ 164	\$ 527
– Computer software and hardware	822	2,222
	\$ 986	\$ 2,749
 Grants commitments	 \$ 58,097	 \$ 44,051

(b) *At 31 March 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:*

	2015 '000	2014 '000
Within one year	\$ 1,074	\$ 875
After one year but within five years	312	441
	\$ 1,386	\$ 1,316

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

19 Material related party transactions

- (a) Apart from the balances disclosed in notes 3 and 12 to the consolidated financial statements, the group entered into the following material related party transactions during the year:

	2015 '000	2014 '000
Donations to Oxfam's international members		
Intermon Oxfam (Spain)	\$ -	\$ 1,000
Oxfam America	(156)	1,014
Oxfam Australia	2,868	3,011
Oxfam Mexico	3,278	-
Oxfam Great Britain	21,042	29,277
Oxfam India	3,285	3,191
Oxfam Italy	2,957	-
Oxfam Novib	8,081	1,690
Oxfam-in-Belgium	2,685	18
Stichting Oxfam International	3,686	3,262
	\$ 47,726	\$ 42,463

(b) ***Key management personnel remuneration:***

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

Remuneration for key management personnel is as follows:

	2015 '000	2014 '000
Salaries, allowance and benefits in kind	\$ 5,930	\$ 5,998
Contributions to defined contribution retirement plan	378	350
	\$ 6,308	\$ 6,348

20 Statement of financial position of the company

	<i>Note</i>	2015 '000	2014 '000
Non-current assets			
Property, plant and equipment		\$ 53,990	\$ 55,003
Investments in subsidiaries	20(a)	-	-
Available-for-sale investments		14,222	28,578
Loan to an affiliate		297	507
		<u>\$ 68,509</u>	<u>\$ 84,088</u>
Current assets			
Inventories		\$ 4,743	\$ 3,646
Prepayments, deposits and other receivables		7,037	2,501
Loan to an affiliate		99	127
Cash and cash equivalents		109,294	100,345
		<u>\$ 121,173</u>	<u>\$ 106,619</u>
Current liabilities			
Accounts payable, other payables and accruals		\$ 9,775	\$ 10,117
Grants payable		271	4,199
Deferred revenue		1,269	1,485
Amount due to a subsidiary		3,091	3,013
		<u>\$ 14,406</u>	<u>\$ 18,814</u>
Net current assets		<u>\$ 106,767</u>	<u>\$ 87,805</u>
NET ASSETS		<u>\$ 175,276</u>	<u>\$ 171,893</u>
Represented by:			
RESERVES	16(a)	<u>\$ 175,276</u>	<u>\$ 171,893</u>

Approved and authorised for issue by the Council members on: 18 JUL 2015



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) Council member
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) Council member
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20 Statement of financial position of the company (continued)

(a) Investments in subsidiaries

The balance represents investments in unlisted shares, at cost, of \$Nil (2014: \$100).

Details of the company's subsidiary at 31 March 2015 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 Hong Kong - Macau Office	Macau	Nil	100%	Relief of poverty, distress and suffering

Trailwalker Limited, a former subsidiary, has been de-registered during the year ended 31 March 2015.

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2015

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 March 2015 and which have not been adopted in these consolidated financial statements.

The group 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 group's results of operations and consolidated financial position.