KPMG

Oxfam Hong Kong

樂施會

Report of the Council Members and
Consolidated Financial Statements
for the year ended 31 March 2017

Report of the Council members

The Council members submit herewith their annual report and the audited consolidated financial statements for the year ended 31 March 2017.

Business review

Objectives of business

Oxfam Hong Kong ('the company') is an independent international development and humanitarian organisation working against poverty and its related injustices. The company and its subsidiary ('the group') recognise that much poverty is caused by injustice and that poverty alleviation requires economic, social and structural change. The group works with people living in poverty and partner organisations on development, humanitarian, policy advocacy and public education programmes.

The group's work builds on its local understanding and identity, and focuses on 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 to improve people's well-being, especially by strengthening their livelihoods and increasing their resilience to disasters. Through an integrated approach, the group works with local organisations and groups, especially women, to empower them to create positive change in their communities.

Emergencies

The well-being of poor and vulnerable people is at the core of the group's humanitarian and disaster risk management programmes. It integrates risk reduction strategies into its development work to reduce and mitigate disaster risks that threaten the well-being of people living in poverty.

When external help is required to respond to a disaster, the group works with local organisations to save lives; it delivers appropriate emergency relief items directly to affected communities and assists families and communities towards early recovery from disaster.

Business review (continued)

Main areas of work (continued)

Campaigns and advocacy

Inter alia, poverty is caused by unjust and unfair policies and practices at the level of governments, institutions, corporations, and society in general. The group therefore conducts public campaigns and development education programmes to raise awareness about poverty and its causes and solutions; and develops and proposes fair policies.

Internal and external environment

Social responsibility

The group actively advocates for Corporate Social Responsibility (CSR) in the international and local arena, campaigns against climate change, and calls for transparency and accountability on the part of businesses and governments. It is only right that the group upholds these standards too; as such, with regard to social and environmental responsibility, it has become a signatory to various local, regional and international charters, standards and codes.

Ending poverty through partnership

The group believes poverty can only be eradicated through partnership. It understands the needs of the underprivileged and identifies ways in which stakeholders can contribute and offer support. In practice, the group works hand in hand with people living in poverty, donors, frontline workers, local organisations, governments and the community at large to achieve the ultimate goal of a poverty-free future.

By becoming a monthly donor (i.e. Oxfam Partner), supporters receive the group's newsletters, project updates, invitations to its events and have opportunities to visit the group's projects in mainland China, Hong Kong as well as other areas. The group endeavours to maintain good work relations with local partners by conducting regular meetings. It also focuses on building up the capacity of partners by empowering them to fight for their rights and advocate for better policies. Special emphasis is placed on females in all that the group does in order to raise awareness about gender equality.

Equal opportunity

The group recruits, employs, promotes, transfers and develops its staff members regardless of gender, marital status, family status, sexuality, ethnicity or disability. At the group's headquarters, facilities are accessible for people with disabilities, and other mechanisms are in place to promote equal opportunity. To institutionalise its belief in equity and diversity, the group has established policies related to gender, diversity and sexual harassment, and has a union for its staff members.

Business review (continued)

Internal and external environment (continued)

Risks and uncertainties

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

Future development and strategies

The strategic goals of the group for the coming years are as follows:

- Develop a stronger focus on China as the group's specific strategy is to tackle global poverty by 'bringing Oxfam to China and China to Oxfam'.
- Further integrate the One Programme Approach into the group's work at the local, national and international levels, through integrating our development, humanitarian, advocacy and campaigning work, and, where appropriate, development education.
- Fight poverty and related injustice through empowering individuals and communities: focus on sustainable livelihoods and security with flexibility for integrated intervention.
- Establish a unique brand identity and effectively communicate with our stakeholders, partners and the public.
- Improve organisational effectiveness by investing in people, enhancing corporate governance, and developing a sustainable resource allocation strategy.

Financial performance

- Monthly donations from Oxfam Partners accounted for 64.7% of the group's total revenue, which amounted to HK$156.8 million. This was an increase of 1%, or HK$2 million, from 2015/16.
- Income from Oxfam Trailwalker amounted to HK$39.8 million, while income from the Oxfam Rice Event reached HK$3.8 million.
- Overall programme expenditure – representing 84.9% of total expenditure – amounted to HK$247.5 million, which was an increase of 9%, or HK$19.9 million, from the previous year.
- The drop in the group's reserves – now at HK$119.5 million – was the result of the significant investment that was made in its programme and advocacy work.
- Management and administration costs, and fundraising and marketing costs stood at HK$9.6 million and HK$32.5 million, representing 3.3% and 11.1% of the group's total expenditure respectively.

Business review (continued)

Financial performance (continued)

Continuous Public Support

The group is grateful for the generosity of its donors who have continued to support it under this challenging fundraising environment.

Monthly donations from over 115,000 Oxfam Partners accounted for 64.7% of the group's total revenue, or HK$156.8 million; this is an increase of 1%, or HK$2 million, from last year. Donations from the group's supporters in Macau have increased by 36%, or HK$3.9 million, to HK$14.6 million this year.

As in previous years, the group's fundraising events were successful. Income from the largest one, Oxfam Trailwalker, amounted to HK$39.8 million, while income from the Oxfam Rice Event reached HK$3.8 million.

The group raised HK$6.2 million for disasters. It raised HK$2.4 million for the famine in South Sudan, HK$1.1 million for the hurricane in Haiti, HK$0.7 million for the earthquake in Ecuador and HK$0.6 million for the crisis in Syria.

This year, the Disaster Relief Fund Advisory Committee of the Government of the Hong Kong Special Administrative Region granted HK$3.5 million and HK$1 million for emergency relief to flood victims in Assam, India; and Guizhou and Hunan Provinces in the Mainland respectively. The Social Innovation and Entrepreneurship Development Fund also approved HK$1.5 million in funding to support the group's projects in Hong Kong for three years, of which HK$0.6 million in 2016/17.

The total revenue for 2016/17 was HK$242.3 million, which was 5%, or HK$13.2 million, lower than the previous year. This was primarily due to a decrease in the humanitarian income as a result of fewer large-scale disasters that happened during the year.

Investment in programmes

In 2016/17, the group invested the most in its programmes over past five years: HK$247.5 million. This figure increased by 9%, or HK$19.9 million, compared to 2015/16.

The group categorised its programme expenditure by External Change Goals. The goal the group invested most in was Active Citizens, which amounted to HK$59.8 million – an increase of 14%, or HK$7.3 million – this year. Through this goal, the group aims to promote people's – in particular women, youth and other poor people's – civil and political rights as well as empower civil society. The group also spent HK$55 million on the goal Saving Lives; there was a decrease of 8%, or HK$4.8 million, due to a higher emergency response in the previous year. The group's spending on Financing for Development and Universal Essential Services was HK$52 million, which saw an increase of 31% or HK$12.3 million from last year. Through this goal, the group aims to improve people's health and education.

Business review (continued)

Financial performance (continued)

Investment in programmes (continued)

During the year, the group used HK$38.6 million to respond to emergencies. It mainly included a total of HK$11.2 million for the floods in DPR Korea, India and mainland China, HK$2.9 million for the hurricane in Haiti, HK$1.2 million for the famine in South Sudan, and HK$1 million for the earthquake in Ecuador. The rest was spent on recurrent emergencies such as cyclical and climate-related disasters in mainland China, Africa and other places around the world.

Reserves

The group aims to allocate all surplus funds that exceed reserve requirements to its humanitarian relief and long-term development programmes as quickly as possible without compromising its high standards in the design, monitoring and evaluation of these programmes. In 2016/17, the group recorded HK$49.3 million in deficit as a result of its significant programme investment. Reserve levels were reduced to HK$119.5 million, which is still within the optimum range as per the group's Reserves Policy.

This policy requires that the group hold general reserves equivalent to a total of three to six months of total unrestricted expenditures to provide leeway for significant and unexpected downturn in revenue, so as to ensure that its programmes can continue as planned.

The group's reserves were mainly comprised of HK$54.9 million in property and fixed assets, HK$54 million in cash, and HK$13.5 million in investments. This demonstrates that the group has been able to maintain and ensure its financial health.

Accountability measures

Management and administrative costs – the costs required to run and maintain the group – represented 3.3% of its total expenditure; this figure decreased from 3.9% in the previous year. These expenses contributed to the organisation's governance, financial management, information technology systems, audit and legal services.

Fundraising and marketing costs included the cost of all activities aimed at raising money, conducting market research, registering new donors, and issuing receipts to donors. These expenses represented 11% of the group's total expenditure – the same as the previous year.

Whenever the group makes an appeal for a humanitarian disaster, it covers the core operational costs using its central funds, thereby ensuring that every dollar donated by the public goes to the urgent work at hand. A separate account is established for each emergency.

In addition to the Oxfam Confederation Financial Standards, the group also complies with the International Non-Governmental Organisations Accountability Charter.

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 needs 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, it is committed to minimising and continuously reducing the negative impacts of its own operations.

The group considers the impact of every project, operation and activity on the environment and communities. People across the organisation are asked to report on specific data that contributes to the measurement and reporting of corporate key performance indicators. These management routines are set up to be cost effective and sustainable.

Across the organisation, the group applies the principles of reduce, reuse, repair and recycle to minimise its environmental impact.

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

Principal activity

The principal activity of the company is to act as a development and relief agency with the objective of relieving poverty, distress and suffering regardless of nationality, race, political system, religion, gender or colour.

Property, plant and equipment

The movements in property, plant and equipment 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:

Au, Siu Wai Monica	
Chan, Bernard Charnwut	
Chan, Choi Ying Virginia	
Chan, Kar Lok	
Chan, Ying Yang Emily	
Chesterton, Josephine Mary	
Cheung, Yuk Tong	
Chin, Sherman C	(appointed on 7 May 2016)
Leung, Oi Sie Elsie	
Lo, Chi Kin	(retired on 10 September 2016)
Ma, Kam Wah	
Matsui, Martin Kaoru	
Ng, Wai Huk Allan	
Pun, Ngai	
Tan, Siew Boi	
To, Yung Sing Herman	
Wong, Hung	

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

Chan, Bernard Charnwut
Chan, Kar Lok
Law, Japhet Sebastian
Lo, Chi Kin
Sam, Iat Fong

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 group 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

Matsui, Martin Kaoru

Council member
Hong Kong, 15 JUL 2017

KPMG

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

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of Oxfam Hong Kong ("the company") and its subsidiary ("the group") set out on pages 12 to 41, which comprise the consolidated statement of financial position as at 31 March 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the company as at 31 March 2017 and of the group's consolidated financial performance and 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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

The Council members are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

(Incorporated in Hong Kong and limited by guarantee)

Responsibilities of the Council members for the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

KPMG

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

(Incorporated in Hong Kong and limited by guarantee)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council members.

- Conclude on the appropriateness of the Council members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Certified Public Accountants

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

15 JUL 2017

Consolidated statement of comprehensive income for the year ended 31 March 2017

(Expressed in Hong Kong dollars)

	Note	2017 '000	2016 '000
Income			
Institutional fundraising income	3	$ 4,648	$ 4,017
Public fundraising income	4	232,607	247,261
Interest and investment income	5	529	1,788
Trading income		1,716	1,802
Other income		2,759	554
		$ 242,259	$ 255,422
Expenditure			
Programme implementation costs		$ 224,317	$ 201,707
Programme management costs		23,141	25,849
Fundraising and marketing costs	6	32,482	30,045
Management and administration costs		9,622	10,517
Foreign exchange differences, net		2,047	2,483
		$ 291,609	$ 270,601
Deficit for the year	7	$ (49,350)	$ (15,179)
Other comprehensive income for the year			
Item that may be reclassified subsequently to surplus or deficit:			
Available-for-sale investments:			
Changes in fair value		(768)	42
Total comprehensive income for the year		$ (50,118)	$ (15,137)

The notes on pages 19 to 41 form part of these consolidated financial statements.

Consolidated statement of financial position at 31 March 2017

(Expressed in Hong Kong dollars)

	Note	*2017* '000	*2016* '000
Non-current assets			
Property, plant and equipment	10	$ 54,858	$ 55,972
Available-for-sale investments	11	13,496	14,264
Loan to an affiliate	12	98	209
		$ 68,452	$ 70,445
Current assets			
Inventories	13	$ 5,036	$ 5,426
Prepayments, deposits and other receivables		2,828	2,919
Loan to an affiliate	12	98	105
Cash and cash equivalents	14	53,950	102,479
		$ 61,912	$ 110,929
Current liabilities			
Accounts payable, other payables and accruals	15	$ 10,648	$ 10,399
Grants payable	15	-	943
Deferred revenue		197	395
		$ 10,845	$ 11,737
Net current assets		$ 51,067	$ 99,192
NET ASSETS		$ 119,519	$ 169,637

Consolidated statement of financial position at 31 March 2017 (continued)

(Expressed in Hong Kong dollars)

	Note	*2017* '000	*2016* '000
Represented by:			
RESERVES	16(b)	$ 119,519	$ 169,637

Approved and authorised for issue by the Council members on: 15 JUL 2017

M. Matsui) Council member
Matsui, Martin Kaoru

Wong Hung) Council member
Wong, Hung

The notes on pages 19 to 41 form part of these consolidated financial statements.

Consolidated statement of changes in reserves for the year ended 31 March 2017

(Expressed in Hong Kong dollars)

	Africa development fund (Note 16(b)(i)) '000	*China development fund* (Note 16(b)(ii)) '000	*Education fund* (Note 16(b)(iii)) '000	*Operation reserve* '000	*Investment revaluation reserve* (Note 16(b)(iv)) '000	*Total reserves* '000
At 1 April 2015	$ -	$ 5,738	$ 1,617	$ 178,518	$ (1,099)	$ 184,774
Changes in reserves for 2016:						
(Deficit)/surplus for the year	$ (3,000)	$ (36,861)	$ (3,357)	$ 28,039	$ -	$ (15,179)
Other comprehensive income	-	-	-	-	42	42
Total comprehensive income for the year	$ (3,000)	$ (36,861)	$ (3,357)	$ 28,039	$ 42	$ (15,137)
Transfers	$ 3,000	$ 34,307	$ 2,661	$ (39,968)	$ -	$ -
At 31 March 2016	$ -	$ 3,184	$ 921	$ 166,589	$ (1,057)	$ 169,637

Consolidated statement of changes in reserves for the year ended 31 March 2017 (continued)

(Expressed in Hong Kong dollars)

	Africa development fund (Note 16(b)(i)) '000	*China development fund* (Note 16(b)(ii)) '000	*Education fund* (Note 16(b)(iii)) '000	*Operation reserve* '000	*Investment revaluation reserve* (Note 16(b)(iv)) '000	*Total reserves* '000
At 1 April 2016	$ -	$ 3,184	$ 921	$ 166,589	$ (1,057)	$ 169,637
Changes in reserves for 2017:						
(Deficit)/surplus for the year	$ (10,450)	$ (46,095)	$ (1,155)	$ 8,350	$ -	$ (49,350)
Other comprehensive income	-	-	-	-	(768)	(768)
Total comprehensive income for the year	$ (10,450)	$ (46,095)	$ (1,155)	$ 8,350	$ (768)	$ (50,118)
Transfers	$ 10,450	$ 44,813	$ 376	$ (55,639)	$ -	$ -
At 31 March 2017	$ -	$ 1,902	$ 142	$ 119,300	$ (1,825)	$ 119,519

The notes on pages 19 to 41 form part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 March 2017

(Expressed in Hong Kong dollars)

	Note	*2017* '000	*2016* '000
Operating activities			
Deficit for the year		$ (49,350)	$ (15,179)
Adjustments for:			
Bank interest income	5	(184)	(1,373)
Other interest income	5	(13)	(18)
Depreciation	7(b)	4,107	3,397
Gain on disposals of property, plant and equipment	7(b)	-	(21)
Dividend income from available-for-sale investments	5	(332)	(397)
Exchange loss		16	168
Operating deficit before changes in working capital		$ (45,756)	$ (13,423)
Decrease/(increase) in inventories		390	(871)
Decrease in prepayments, deposits and other receivables		91	4,153
Increase in accounts payable, other payables and accruals		249	592
(Decrease)/increase in grants payable		(943)	672
Decrease in deferred revenue		(198)	(1,165)
Net cash used in operating activities		$ (46,167)	$ (10,042)

Consolidated cash flow statement for the year ended 31 March 2017 (continued)

(Expressed in Hong Kong dollars)

	Note	*2017* '000	*2016* '000
Investing activities			
Interest received		$ 197	$ 1,391
Dividends received		332	397
Purchases of property, plant and equipment		(2,993)	(5,338)
Proceeds from disposals of property, plant and equipment		-	24
Decrease in time deposits with original maturity of more than three months when acquired		5,150	12,799
Net cash generated from investing activities		$ 2,686	$ 9,273
Financing activity			
Repayment from loan to an affiliate		$ 102	$ 102
Net cash generated from financing activity		$ 102	$ 102
Net decrease in cash and cash equivalents		$ (43,379)	$ (667)
Cash and cash equivalents at 1 April		92,479	93,146
Cash and cash equivalents at 31 March	14	$ 49,100	$ 92,479

The notes on pages 19 to 41 form part of these consolidated financial statements.

Notes to the consolidated financial statements

(Expressed in Hong Kong dollars)

1 Background of the company

Oxfam Hong Kong is incorporated in Hong Kong as a company limited by guarantee. The registered office of the company is located at 17/F, China United Centre, 28 Marble Road, North Point, Hong Kong.

The company is a non-profit making organisation. The company acts as a development and relief agency with the objective of relieving poverty, distress and suffering regardless of nationality, race, political system, religion, gender or colour.

2 Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the company and its subsidiary ("the group") are disclosed below.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the group. None of these developments are relevant to the group's results and financial position. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 21).

(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 in 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.

2 Significant accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Subsidiaries

Subsidiaries are entities controlled by the company. The company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the company has power, only substantive rights (held by the company and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the company's statement of financial position, investment in a subsidiary is stated at cost less impairment losses.

(d) Other investments in debt and equity securities

Investments are recognised or derecognised on the date the group commits to purchase/sell the investments or they expire. 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 date 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 surplus or deficit as incurred. At the end of the reporting period the fair value is remeasured, with any resultant gain or loss being recognised in surplus or deficit. The net gain or loss recognised in surplus or deficit 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 2(m)(iii).

Dated debt securities that the group has 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.

2 Significant accounting policies (continued)

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 surplus or deficit 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 surplus or deficit.

When the investments are derecognised or impaired, the cumulative gain or loss recognised in equity is reclassified to surplus or deficit.

(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 surplus or deficit if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

2 Significant accounting policies (continued)

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in surplus or deficit on the date of retirement or disposal.

(f) Leased assets

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 recognised as property, plant and equipment 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 surplus or deficit over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to surplus or deficit in the accounting period in which they are incurred.

2 Significant accounting policies (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 surplus or deficit as an integral part of the aggregate net lease payments made. Contingent rentals are charged to surplus or deficit in the accounting period in which they are incurred.

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 using the effective interest method, 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.

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 surplus or deficit.

2 Significant accounting policies (continued)

(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.

(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 surplus or loss 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.

2 Significant accounting policies (continued)

(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 surplus or deficit on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in surplus or loss over the useful life of the asset by way of reduced depreciation expense.

(n) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in surplus or deficit.

(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.

2 Significant accounting policies (continued)

(b) An entity is related to the group if any of the following conditions applies:

(i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Institutional fundraising income

	2017 '000	*2016* '000
Oxfam Great Britain (2017: EUR Nil and GBP Nil; 2016: EUR80,763 and GBP9,577)	$ -	$ 923
Government	4,648	3,094
	$ 4,648	$ 4,017

4 Public fundraising income

	2017 '000	*2016* '000
Oxfam Partners	$ 156,766	$ 154,806
Oxfam Trailwalker event *	39,799	41,137
Humanitarian appeals	6,158	23,238
Oxfam Rice event	3,835	4,121
Other public fundraising income	26,049	23,959
	$ 232,607	$ 247,261

* Includes total income of $21,776,000 (2016: $21,751,000) from those donors for Oxfam Trailwalker who have attained a specified donation threshold and are eligible for the lottery draw of Oxfam Trailwalker.

5 Interest and investment income

	2017 '000	*2016* '000
Bank interest income	$ 184	$ 1,373
Dividend income from available-for-sale ("AFS") investments	332	397
Other interest income	13	18
	$ 529	$ 1,788

6 Fundraising and marketing costs

	2017 '000	*2016* '000
Lottery event for Oxfam Trailwalker	$ 16	$ 16
Trading costs	574	563
Other fundraising and communication costs	31,892	29,466
	$ 32,482	$ 30,045

7 Deficit for the year

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

	2017 '000	2016 '000
(a) Staff costs		
Salaries, wages and other benefits*	$ 56,934	$ 55,709
Contributions to defined contribution retirement plan*	2,894	2,746
	$ 59,828	$ 58,455
(b) Other items		
Depreciation*	$ 4,107	$ 3,397
Operating lease charges in respect of land and buildings*	3,550	5,806
Auditors' remuneration	472	392
Cost of inventories expensed	7,188	3,167
Gain on disposals of property, plant and equipment	-	(21)

* 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:

	2017				
	Programme implementation costs '000	Programme management costs '000	Fundraising and marketing costs '000	Management and administration costs '000	Total '000
(a) Staff costs					
Salaries, wages and other benefits	$ 23,715	$ 12,822	$ 15,943	$ 4,454	$ 56,934
Contributions to defined contribution retirement plan	608	1,034	999	253	2,894
	$ 24,323	$ 13,856	$ 16,942	$ 4,707	$ 59,828
(b) Other items					
Depreciation	$ 395	$ 1,278	$ 1,989	$ 445	$ 4,107
Operating lease charges in respect of land and buildings	412	1,753	921	464	3,550

7 Deficit for the year (continued)

	2016				
	Programme implementation costs '000	Programme management costs '000	Fundraising and marketing costs '000	Management and administration costs '000	Total '000
(a) Staff costs					
Salaries, wages and other benefits	$ 21,282	$ 15,182	$ 14,620	$ 4,625	$ 55,709
Contributions to defined contribution retirement plan	558	1,047	882	259	2,746
	$ 21,840	$ 16,229	$ 15,502	$ 4,884	$ 58,455
(b) Other items					
Depreciation	$ 397	$ 1,190	$ 1,388	$ 422	$ 3,397
Operating lease charges in respect of land and buildings	804	2,444	1,559	999	5,806

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 subsidiary earned any income subject to tax in Hong Kong or any other jurisdiction during the year.

9 Council members' emoluments

The Council members' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, for the year is $Nil (2016: $Nil).

10 Property, plant and equipment

	Land and buildings '000	Leasehold improvements '000	Furniture and fixtures '000	Computer equipment '000	Office equipment and motor vehicles '000	Total '000
Cost:						
At 1 April 2015	$ 64,614	$ 5,179	$ 961	$ 10,403	$ 3,580	$ 84,737
Additions	-	10	7	5,229	92	5,338
Disposals	-	-	(113)	(693)	(40)	(846)
At 31 March 2016	$ 64,614	$ 5,189	$ 855	$ 14,939	$ 3,632	$ 89,229
At 1 April 2016	$ 64,614	$ 5,189	$ 855	$ 14,939	$ 3,632	$ 89,229
Additions	-	242	38	2,471	242	2,993
Disposals	-	(121)	(27)	(1,584)	(134)	(1,866)
At 31 March 2017	$ 64,614	$ 5,310	$ 866	$ 15,826	$ 3,740	$ 90,356
Accumulated depreciation:						
At 1 April 2015	$ (13,850)	$ (5,116)	$ (952)	$ (8,491)	$ (2,294)	$ (30,703)
Charge for the year	(1,291)	(33)	(7)	(1,689)	(377)	(3,397)
Written back on disposals	-	-	113	691	39	843
At 31 March 2016	$ (15,141)	$ (5,149)	$ (846)	$ (9,489)	$ (2,632)	$ (33,257)
At 1 April 2016	$ (15,141)	$ (5,149)	$ (846)	$ (9,489)	$ (2,632)	$ (33,257)
Charge for the year	(1,292)	(66)	(6)	(2,330)	(413)	(4,107)
Written back on disposals	-	121	27	1,584	134	1,866
At 31 March 2017	$ (16,433)	$ (5,094)	$ (825)	$ (10,235)	$ (2,911)	$ (35,498)
Net book value:						
At 31 March 2017	$ 48,181	$ 216	$ 41	$ 5,591	$ 829	$ 54,858
At 31 March 2016	$ 49,473	$ 40	$ 9	$ 5,450	$ 1,000	$ 55,972

The group's land held under a finance lease included in property, plant and equipment with a net carrying amount of $27,789,000 (2016: $28,522,000) is situated in Hong Kong and is held under a long term lease.

11 Available-for-sale investments

	2017 '000	2016 '000
Bond index fund investments – listed in Hong Kong	$ 13,496	$ 14,264

12 Loan to an affiliate

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

13 Inventories

	2017 '000	2016 '000
Humanitarian supplies	$ 5,036	$ 5,426

14 Cash and cash equivalents

	2017 '000	2016 '000
Cash at bank and in hand	$ 44,250	$ 70,058
Time deposits with original maturity of less than three months when acquired	4,850	22,421
Cash and cash equivalents as stated in the consolidated cash flow statement	$ 49,100	$ 92,479
Time deposits with original maturity of more than three months when acquired	4,850	10,000
Cash and cash equivalents as stated in the consolidated statement of financial position	$ 53,950	$ 102,479

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	*Education fund* (Note 16(b)(iii)) '000	*Operation reserve* '000	*Investment revaluation reserve* (Note 16(b)(iv)) '000	*Total reserves* '000
1 April 2015	$ (1,011)	$ 2,138	$ 889	$ 174,359	$ (1,099)	$ 175,276
Changes in reserves for 2016:						
(Deficit)/surplus for the year	$ (4,649)	$ (39,432)	$ (4,723)	$ 24,895	$ -	$ (23,909)
Other comprehensive income	-	-	-	-	42	42
Total comprehensive income for the year	$ (4,649)	$ (39,432)	$ (4,723)	$ 24,895	$ 42	$ (23,867)
Transfers	$ 3,000	$ 34,307	$ 2,661	$ (39,968)	$ -	$ -
At 31 March 2016	$ (2,660)	$ (2,987)	$ (1,173)	$ 159,286	$ (1,057)	$ 151,409

16 Reserves (continued)

	Africa development fund (Note 16(b)(i)) '000	*China development fund* (Note 16(b)(ii)) '000	*Education fund* (Note 16(b)(iii)) '000	*Operation reserve* '000	*Investment revaluation reserve* (Note 16(b)(iv)) '000	*Total reserves* '000
1 April 2016	$ (2,660)	$ (2,987)	$ (1,173)	$ 159,286	$ (1,057)	$ 151,409
Changes in reserves for 2017:						
(Deficit)/surplus for the year	$ (13,146)	$ (50,320)	$ (3,668)	$ 5,975	$ -	$ (61,159)
Other comprehensive income	-	-	-	-	(768)	(768)
Total comprehensive income for the year	$ (13,146)	$ (50,320)	$ (3,668)	$ 5,975	$ (768)	$ (61,927)
Transfers	$ 10,450	$ 44,813	$ 376	$ (55,639)	$ -	$ -
At 31 March 2017	$ (5,356)	$ (8,494)	$ (4,465)	$ 109,622	$ (1,825)	$ 89,482

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 property, plant and equipment) equivalent to a total of three to six months' unrestricted expenditure that includes both grants and operational expenditure, based on the approved budget. The management confirmed that such a policy had been complied with 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. During the current year and 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) 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. During the current and the prior year, there was a deficit in this fund which was replenished by transferring funds from the operation reserve.

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

(iv) 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 its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) 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 2017, 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 $135,000 (2016: $143,000).

17 Financial instruments (continued)

The sensitivity analysis indicates the instantaneous change in the group's reserve that would arise assuming that the change 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, assuming that all other variables remain constant. The analysis is performed on the same basis as 2016.

(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 fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs

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 $13,496,000 (2016: $14,264,000) as at 31 March 2017 which was based on the quoted market price in the Stock Exchange of Hong Kong (see note 11).

During the years ended 31 March 2016 and 2017, 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 2017 not provided for in the consolidated financial statements were as follows:

	2017 '000	2016 '000
Contracted for:		
- Services to be rendered	$ 141	$ 781
- Computer software and hardware	194	550
	$ 335	$ 1,331
Grants commitments	$ 92,918	$ 71,157

(b) At 31 March 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017 '000	2016 '000
Within one year	$ 1,284	$ 751
After one year but within five years	901	402
	$ 2,185	$ 1,153

The leases typically run for an initial period of one to three years, with an option to renew the leases when all terms are renegotiated. None of the leases 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:

	2017 '000	*2016* '000
Net donations to/(refund from) Oxfam's international members		
Oxfam Great Britain	$ 34,433	$ 45,663
Oxfam India	10,589	11,781
Stichting Oxfam International	10,417	8,187
Oxfam Mexico	6,412	4,774
Oxfam Italy	4,846	934
Oxfam-in-Belgium	4,411	2,281
Oxfam Novib	3,680	5,380
Intermon Oxfam (Spain)	2,868	(121)
Oxfam South Africa	2,080	1,111
Oxfam Brazil	659	511
Oxfam France	417	378
Oxfam Japan	410	-
Oxfam Ireland	-	1,250
Oxfam Australia	-	1,000
Oxfam Canada	-	534
	$ 81,222	$ 83,663

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

Key management personnel consists of the Director General, Director of Fundraising, Acting Directors of Fundraising and Communications, Director of Operations, China Programme Director, Deputy China Programme Director and International Programme Director.

Remuneration for key management personnel is as follows:

	2017 '000	*2016* '000
Salaries, allowance and benefits in kind	$ 5,344	$ 6,902
Contributions to defined contribution retirement plan	332	425
	$ 5,676	$ 7,327

20 Statement of financial position of the company

	Note	2017 '000	2016 '000
Non-current assets			
Property, plant and equipment		$ 54,833	$ 55,938
Investment in a subsidiary	20(a)	-	-
Available-for-sale investments		13,496	14,264
Loan to an affiliate		98	209
		$ 68,427	$ 70,411
Current assets			
Inventories		$ 5,036	$ 5,426
Prepayments, deposits and other receivables		2,787	2,887
Loan to an affiliate		98	105
Cash and cash equivalents		27,235	86,478
		$ 35,156	$ 94,896
Current liabilities			
Accounts payable, other payables and accruals		$ 10,638	$ 10,330
Grants payable		-	943
Deferred revenue		101	161
Amount due to a subsidiary		3,362	2,464
		$ 14,101	$ 13,898
Net current assets		$ 21,055	$ 80,998
NET ASSETS		$ 89,482	$ 151,409
Represented by:			
RESERVES	16(a)	$ 89,482	$ 151,409

Approved and authorised for issue by the Council members on:

M. Matsui) Council member
Matsui, Martin Kaoru

Wong Hung) Council member
Wong, Hung

20 Statement of financial position of the company (continued)

(a) *Investment in a subsidiary*

Details of the company's subsidiary at 31 March 2017 are as follows:

Name of company	*Place of incorporation and operation*	*Particulars of share capital*	*Proportion of ownership interest held by the company*	*Principal activity*
Oxfam Hong Kong - Macau Office	Macau	Nil (limited by guarantee)	100%	Relief of poverty, distress and suffering

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2017

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*	1 January 2017
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

The group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the year of initial application. So far the group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standard. The group does not intend to early adopt any of these amendments or new standards.

The adoption of HKFRS 9 and HKFRS 15 and amendments to HKAS 7 are unlikely to have a significant impact on the consolidated financial statements.

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2017 (continued)

HKFRS 16, *Leases*

The group enters into some leases as the lessee.

Once HKFRS 16 is adopted, the group will no longer distinguish between finance leases and operating leases when it is the lessee under the lease. Instead, subject to practical expedients, the group will be required to account for all leases of more than 12 months in a similar way to current finance lease accounting.

The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of comprehensive income over the period of the lease. As disclosed in note 18(b), at 31 March 2017 the group's future minimum lease payments under non-cancellable operating leases amount to $2,185,000 for properties. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.