



**Save the Children Hong Kong  
Limited**  
香港救助兒童會有限公司

31 December 2023

# Trustees' Report

The trustees submit herewith their annual report together with the audited financial statements for the year ended 31 December 2023.

## **Principal place of business**

Save the Children Hong Kong Limited ("the Company" or "SCHK") is a charitable organisation limited by guarantee, incorporated and domiciled in Hong Kong. Its registered office and principal place of business is at 8/F Pacific Plaza, 410-418 Des Voeux Road West, Sai Wan, Hong Kong.

## **Principal activities**

The principal activities of SCHK are fundraising and creating and delivering evidence-based health, education, protection, and humanitarian programmes for children in Hong Kong and across the world, as well as advocating for and promoting children's rights.

## **Business review**

### ***Background and business objectives***

Save the Children believes every child deserves a future. In Hong Kong and around the world, we do whatever it takes - every day and in times of crisis - so children can fulfill their rights to a healthy start in life, the opportunity to learn and protection from harm.

Established in 2009, Save the Children Hong Kong is part of the Save the Children global movement which is made up of 30 member organisations and operates in more than 110 countries. With over 100 years of expertise, we are the world's first and leading independent children's organisation - transforming lives and the future we share.

SCHK raises funds and supports programmes in Hong Kong and around the world, to achieve its vision of a world in which every child attains their basic rights to survival, protection, development, and participation. In 2023, the continuing impact of the COVID 19 pandemic, coupled with the impact of conflict and climate change, posed new, urgent challenges for children around the world that Save the Children sought to address directly as well as in collaboration with local partners and communities.

### ***Key Areas of Our Work***

SCHK, together with other offices in the Save the Children global movement, focuses on the following areas:

## **Business review (continued)**

### **Child Protection**

At least three-quarters of the world's children experience violence. Violence takes many forms, including physical and emotional abuse, sexual abuse and exploitation, and neglect or deliberate deprivation. Growing up with violence, and the threat of violence, can lead to life-long physical, emotional and mental health problems. SCHK works with children, families, communities and societies to put in place laws, policies and services to protect children. We also promote social norms, gender equality, and positive changes in attitudes and behaviours. We work to prevent and respond to all forms of abuse, neglect, exploitation and violence affecting children.

### **Health & Nutrition**

Every child has a right to survival. Yet, every year, millions of children are dying from illnesses that are entirely preventable – and most of them in their early years of life. Children most affected by inequality and discrimination are the most vulnerable as they lack access to quality healthcare, such as vaccines, medicines, or nutrients – all of which save lives. This is especially true in conflict and emergencies, or in poor and deprived areas, where the challenge of keeping children alive is heightened. At SCHK, we strive to provide effective health and nutrition programmes to save children's lives and ensure they grow up healthy.

### **Education**

All children have the right to learn from a quality education. However, millions of children are being denied this opportunity simply because of who they are or where they live. They are deprived of learning because they are caught up in emergencies, face extreme poverty, or are discriminated against because of their gender, disability or ethnicity. SCHK works to help children develop so they are ready to learn when they start school. We ensure children learn to read and write, and give children safe places to develop essential cognitive and life skills.

### **Child Poverty**

Children are more than twice as likely as adults to be living in extreme poverty. An estimated two out of every five children worldwide lives in multi-dimensional poverty. Children living in poverty face a higher risk of death before age 5, and malnutrition that stunts their growth and development. They also are at greater risk of being out of school, being forced into harmful labour or child marriage, or giving birth while they are still children themselves. SCHK works to lift families out of poverty. We equip adolescents and caregivers with the knowledge and skills they need to better manage their food security and livelihoods, and take a child-sensitive approach to all of our poverty alleviation programmes.

### **Humanitarian Programmes**

SCHK is committed to providing child-focused emergency relief and humanitarian responses in the face of natural and man-made disasters, as well as conflict situations. We also help communities facing recurrent hazards and calamities, particularly those that are highly vulnerable due to geographical location, socio-economic conditions and/or conflict, with disaster risk reduction measures integrated into development programmes to build community resilience.

## **Business review (continued)**

### ***Investment in Programmes***

In 2023, SCHK supported vulnerable children in Hong Kong and around the world, with a primary focus on Asia.

As a strategic priority, SCHK continued to expand its programmes in Hong Kong, operating a children's centre in a district with one of the highest child poverty rates, and also serving vulnerable children in other districts through outreach to schools and partner organisations. In 2023, SCHK's domestic programmes supported 26,106 children and adults. Our programmes focus primarily on ensuring a safe and caring environment for children, free of violence and abuse, and enhancing children's mental wellbeing. Our Heart to Heart Parent-Child Programme teaches parenting without violence to prevent violence in the homes, and our Child Safeguarding services support organisations with policy development and training to ensure that their operating environment is child-safe. Our mental wellbeing programmes continued to build children's resilience and support their social and emotional development. Our advocacy efforts complement programme activities to raise awareness of child protection and mental health issues affecting children, and ensure that laws and policies contribute to an enabling environment for child development.

In 2023, SCHK supported development programmes across 18 countries. In Bhutan, Mainland China, Laos, Mongolia and Sri Lanka, we empowered families and communities to better protect children from violence and abuse, and worked to strengthen national and local child protection systems. To ensure children survive and thrive, SCHK supported programmes to improve maternal and child nutrition and well-being in Afghanistan and Indonesia. SCHK also worked with families, communities, schools and governments to improve education outcomes for children in Cambodia, Mainland China, Pakistan, and Thailand. To address child poverty, we delivered programmes in Mainland China and India to empower youth with the vocational and soft skills needed to earn safe and secure livelihoods in the post-COVID context; we also strengthened child rights governance by helping to eliminate violence and discrimination against at-risk children with disabilities in Vietnam.

During 2023, Save the Children's global movement supported more than 31.4 million children and family members affected by humanitarian disasters in over 78 countries. SCHK contributed to the global funding needs, providing vital resources to humanitarian crises such as the conflict in the occupied Palestinian territory, and the global hunger crisis that devastated dozens of countries worldwide. SCHK also secured funding of HK\$4.4 million from the Disaster Relief Fund of the Government of Hong Kong Special Administrative Region (HKDRF) to support the children and families worst-affected by the devastating earthquake in Türkiye.

## **Business review (continued)**

### ***Financial Performance***

#### Key Financial Summary

- Total income was HK\$139.7 million, a decrease of 3%, or HK\$4.7 million from 2022. This included general donations from the public amounting to HK\$101.5 million, designated donations primarily from leading corporates, foundations and government amounting to HK\$37.6 million and other income of HK\$0.6 million.
- Funding for programmes was HK\$112.4 million, a decrease of 2%, or HK\$1.9 million from 2022. Total funding for programmes represented 78% of total expenditures in 2023 (2022: 81%).
- Fundraising costs were HK\$26.8 million, an increase of 16%, or HK\$3.7 million from 2022. Total fundraising costs represented 19% of total expenditures in 2023 (2022: 16%).
- Administration costs were HK\$4.5 million, an increase of 2%, or HK\$0.1 million from 2022. Total administration costs represented 3% of total expenditures in 2023 (2022: 3%).

#### Donations Summary

In 2023, faced with a challenging economy, we achieved total donations of HK\$139.7 million thanks to the ongoing support of our individual donors, leading corporates, foundations and the Hong Kong SAR Government.

SCHK income is primarily derived from donations from individual donors, foundations, corporations, and the Hong Kong SAR Government. These donations are either (i) general donations, with no restrictions by the donor on how they may be used or (ii) designated donations, the use of which is restricted to a designated programme, multiple programmes, or types of programmes.

#### Governance and administration

Administration expenditure was HK\$4.5 million in 2023, an increase of 2% compared to HK\$4.4 million in 2022. Resources were managed prudently during 2023 reflecting the challenging economic environment in which we are operating.

#### Funds Allocation

The majority of organisational spending is dedicated to delivering evidence-based health, education, protection, and humanitarian programmes for children, as well as the promotion of children's rights and alleviation of poverty. In 2023, SCHK spent HK\$112.4 million on programmes, an increase of 2%, or HK\$1.9 million from 2022.

In line with Save the Children's global best practice and procedures, SCHK adopts a structured internal and cost control approach to ensure every dollar raised is properly used and/or invested to deliver optimal impact. In addition to continuously improving our efficiencies and cost effectiveness, SCHK also strives to maintain an optimal balance between investment in key activities, such as fundraising, and programme delivery, with a target programme expenditure ratio of approximately 80% of total expenditure.

## **Business review (continued)**

### ***Accountability measures and internal controls***

SCHK remains focused on strengthening its governance, risk, child safeguarding and internal control measures in adherence with the global accountability framework, enhancing the efficiency and effectiveness of its local operations as well as its fundraising efforts under the guidance and stewardship of the Board. SCHK will continue to strive to enhance and streamline its operations.

In 2023 SCHK launched a Feedback and Reporting Mechanism to enable children and communities who are part of our programmes to share feedback and concerns with SCHK through multiple channels. This mechanism helps us to improve the quality of our programmes and demonstrates our commitment to child participation and our organisational value of accountability.

### **Board Subcommittees**

Our subcommittees under the Board continued to guide our operations. Each Committee is chaired by one SCHK Board member and all Board members are expected to be members of at least two subcommittees.

*Audit, Finance and Risk Committee:* Reviews all financial, auditing, governance and risk management issues related to SCHK, including accounting policy and guidelines, capital expenditure, three years growth plan, bi-annual forecast, review of financial results as well as operational, financial and business risks related to SCHK.

*Programme Committee:* Provides guidance, advice and oversight on the implementation of standards in policies and procedures in managing project funding, proper use of donations, as well as monitoring and evaluating the effectiveness of projects to maximise impact for children.

*Partnerships and Philanthropy Committee:* Defines and approves fundraising strategies and risk mitigation, supports key signature events and facilitates introductions to corporates and foundations. Also provides strategic support to ensure focus and direction of communication and media engagement.

*Governance and Nomination Committee:* Reviews current board members based on regular participation and contribution to Board meetings, and identifies suitable candidates to fill Board vacancies, taking into account the qualifications and characteristics requirements formulated by the Board.

*Strategy Committee:* Supports and oversees the development, refinement and implementation of a medium and long-term strategic plan to support continuous growth and increased capacity to deliver our objectives

### **Financial statements**

The deficit of the Company for the year ended 31 December 2023 and the state of the Company's affairs as at that date are set out in the financial statements on pages 11 to 35.

### **Funds**

Details of the movements in funds, as described in note 15 to the financial statements, are set out in the statement of changes in funds.

## Share capital

The Company was incorporated under the laws of Hong Kong as a company limited by guarantee and without any share capital. The details of the liability of its member are set out in note 1 to the financial statements.

## Trustees

The trustees, who pursuant to section 2 of the Hong Kong Companies Ordinance are regarded as directors of the Company, during the year were:

Au-Yeung, Yu Wing Winnie  
Chan, Hing Lun  
Lin Ho-Ping  
Hui, Ming Yunn Stephanie  
Kennedy, Paul Michael  
Klosson, Michael  
Ng, Wing Ho Ringo  
Tam, Lok Man Norman  
Wei, Wei  
Wong, Kwong Yui Spencer  
Wong, Wai Man June

Subsequent to the year end, on 28 June 2024, Ms. Wei Wei resigned as trustee of the Company.

In accordance with article 29 of the Company's article of association, Mr. Tam, Lok Man Norman, Ms. Wong, Wai Man June, and Mr. Ng, Wing Ho Ringo who had completed an initial term of 3 years, would retire at the Company's forthcoming AGM and, being eligible, would offer themselves for re-election as trustees of the Company for another term of 3 years. In accordance with article 29 of the Company's article of association, all other present trustees continue in office for the following year.

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

## Trustees' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the Company was a party, and in which a trustee of the Company had a material interest, subsisted at the end of the year or at any time during the year.

**Auditor**

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the trustees

A handwritten signature in blue ink, appearing to read 'Paul Michael Kennedy', is written over the printed name.

Paul Michael Kennedy  
Trustee

28 June 2024



# Independent auditor's report to the members of Save the Children Hong Kong Limited

(Incorporated in Hong Kong with limited liability)

## Opinion

We have audited the financial statements of Save the Children Hong Kong Limited ("the Company") set out on pages 11 to 35, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in funds and the cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 financial statements and auditor's report thereon

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

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

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

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

# Independent auditor's report to the members of Save the Children Hong Kong Limited (continued)

*(Incorporated in Hong Kong with limited liability)*

## **Responsibilities of the trustees for the financial statements**

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

# Independent auditor's report to the members of Save the Children Hong Kong Limited (continued)

*(Incorporated in Hong Kong with limited liability)*

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

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

We communicate with the trustees 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

28 June 2024

## Statement of comprehensive income for the year ended 31 December 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$	2022 \$
<b>INCOME</b>			
General donations	3	101,525,877	100,166,380
Designated donations	3	37,233,182	43,092,512
Wage subsidy from The Government of HKSAR		386,452	948,400
Other net income		591,795	250,970
		<u>139,737,306</u>	<u>144,458,262</u>
<b>EXPENDITURE</b>			
Fundraising expenditure		26,809,917	23,131,381
Administrative expenses		4,487,112	4,420,412
Funding for programmes		112,415,072	114,277,050
		<u>143,712,101</u>	<u>141,828,843</u>
<b>(DEFICIT)/SURPLUS BEFORE TAX</b>	4	(3,974,795)	2,629,419
Income tax	5	-	-
<b>(DEFICIT)/SURPLUS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(3,974,795)</u>	<u>2,629,419</u>

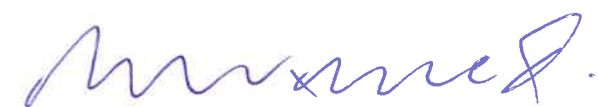
The notes on pages 16 to 35 form part of these financial statements.

## Statement of financial position at 31 December 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$	2022 \$
<b>Non-current assets</b>			
Property, plant and equipment	7	298,579	307,071
Right-of-use asset	8	2,250,780	3,672,325
Intangible assets	9	793,836	1,087,586
		<u>3,343,195</u>	<u>5,066,982</u>
<b>Current assets</b>			
Accounts receivable	10	2,357,037	5,181,745
Due from other Save the Children offices	11	6,140,872	8,914,781
Cash and bank balances	12	27,019,953	27,904,596
		<u>35,517,862</u>	<u>42,001,122</u>
<b>Current liabilities</b>			
Accounts payable	13	7,255,653	6,888,165
Due to other Save the Children offices	11	89,269	75,413
Deferred income	14	4,544,231	7,786,693
Lease liabilities	8	1,455,702	1,371,134
		<u>13,344,855</u>	<u>16,121,405</u>
<b>Net current assets</b>		<u>22,173,007</u>	<u>25,879,717</u>
<b>Total assets less current liabilities</b>		25,516,202	30,946,699
<b>Non-current liability</b>			
Lease liabilities	8	890,275	2,345,977
<b>NET ASSETS</b>		<u>24,625,927</u>	<u>28,600,722</u>
<b>CAPITAL AND RESERVES</b>			
General fund	15	<u>24,625,927</u>	<u>28,600,722</u>

Approved and for issue by the trustees on 28 June 2024.



Paul Michael Kennedy  
Trustee



Lin Ho-Ping  
Trustee

The notes on pages 16 to 35 form part of these financial statements.

## Statement of changes in funds for the year ended 31 December 2023

(Expressed in Hong Kong dollars)

	<i>General fund</i> \$ (note 15)
<b>Balance at 1 January 2022</b>	25,971,303
Surplus for the year and total comprehensive income for the year	<u>2,629,419</u>
<b>Balance at 31 December 2022 and 1 January 2023</b>	28,600,722
Deficit for the year and total comprehensive income for the year	<u>(3,974,795)</u>
<b>Balance at 31 December 2023</b>	<u><u>24,625,927</u></u>

The notes on pages 16 to 35 form part of these financial statements.

## Cash flow statement for the year ended 31 December 2023

(Expressed in Hong Kong dollars)

	Note	2023 HK\$	2022 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Deficit)/surplus before tax		(3,974,795)	2,629,419
Adjustments for:			
Bank interest income		(601,748)	(166,107)
Depreciation of items of property, plant and equipment	4	217,347	435,955
Depreciation of right-of-use asset	4	1,421,545	1,320,807
Amortisation of intangible assets	4	517,610	505,318
Interest on lease liabilities	8	177,982	122,459
		<u>(2,242,059)</u>	<u>4,847,851</u>
Decrease/(increase) in accounts receivable		2,824,708	(3,873,413)
Increase in accounts payable		367,488	2,617,415
Decrease/(increase) in amounts due from other Save the Children offices		2,773,909	(471,928)
Increase/(decrease) in amounts due to other Save the Children offices		13,856	(1,747,835)
Decrease in deferred income		<u>(3,242,462)</u>	<u>(1,436,275)</u>
<b>Net cash generated from/(used in) operating activities</b>		<u>495,440</u>	<u>(64,185)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease/(increase) in deposits with banks with original maturity over three months		14,000,000	(14,000,000)
Purchases of items of property, plant and equipment		(208,855)	(183,910)
Addition of intangible assets		(223,860)	(51,872)
Interest received		<u>601,748</u>	<u>166,107</u>
<b>Net cash generated from/(used in) investing activities</b>		<u>14,169,033</u>	<u>(14,069,675)</u>

**Cash flow statement**  
**for the year ended 31 December 2023 (continued)**  
*(Expressed in Hong Kong dollars)*

	Note	2023 \$	2022 \$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest element on lease liabilities	8	(177,982)	(122,459)
Principal portion of lease payments	8	<u>(1,371,134)</u>	<u>(1,426,657)</u>
<b>Net cash used in financing activities</b>		<u><u>(1,549,116)</u></u>	<u><u>(1,549,116)</u></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		13,115,357	(15,682,976)
<b>Cash and cash equivalents at 1 January</b>		<u>13,904,596</u>	<u>29,587,572</u>
<b>Cash and cash equivalents at 31 December</b>		<u><u>27,019,953</u></u>	<u><u>13,904,596</u></u>

The notes on pages 16 to 35 form part of these financial statements.



# Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 Corporate Information

Save The Children Hong Kong Limited is incorporated in Hong Kong as a company limited by guarantee. Its registered office and principal place of business is located at 8/F, Pacific Plaza, 410-418 Des Voeux West, Sai Wan, Hong Kong.

During the year, the Company was involved in fund raising for the promotion of children's rights and the delivery of immediate and lasting relief to children.

Under the provision of the Company's memorandum and articles of association, every member shall, in the event of the Company being wound up, contribute such amount as may be required to meet the liability of the Company but not exceeding HK\$100 per member.

## 2 Material accounting policies

### (a) Statement of compliance

These 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 the requirements of the Hong Kong Companies Ordinance.

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

These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK\$").

### (c) Changes in accounting policies

#### (i) New and amended HKFRSs

The company has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

None of these had a significant impact on the Company's financial statements for the accounting periods presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 19).

## 2 Material accounting policies (continued)

### (ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022 the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the abolition of offsetting mechanism. The Company has determined that the abolition of the offsetting mechanism has no material impact on the Company’s results and financial position for the current or prior periods.

### (d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually at each financial year end.

#### *Computer software*

Computer software is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over its estimated useful life of 5 years.

#### *Website development costs*

Costs directly associated with the development of specific website, which include external direct costs of services incurred in developing the website, are capitalised. The capitalisation of such costs ceases no later than the point at which the website is substantially completed and ready for its intended purpose. Website development costs are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over its estimated useful life of 5 years.

## 2 Material accounting policies (continued)

### (e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the term of lease
Fixture and furniture	33%
Computer equipment	33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

## 2 Material accounting policies (continued)

### (f) Leased assets

The company assesses at contract inception whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) Right-of-use asset

Right-of-use asset is recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is depreciated on the straight-line basis over the following depreciation period, which is the shorter of the lease term and the estimated useful life of the asset:

Office premises	3 years
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If ownership of the leased asset is transferred to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### (ii) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

## 2 Material accounting policies (continued)

In calculating the present value of lease payments, the Company uses the interest rate implicit in the lease or, where that rate cannot be readily determined, the Company uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

### (g) Financial assets

Financial assets of the Company are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Company commits to purchase or sell the assets.

#### (i) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

#### (ii) Impairment

The Company applies the expected credit loss model on all the financial assets that are subject to impairment. For account receivables without a significant financial component, the Company applies the simplified approach which requires impairment allowances to be measured at lifetime expected credit losses.

For other financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Company is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Company considers a default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

#### (iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

## **2 Material accounting policies (continued)**

### **(h) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturity of three months or less when acquired, less bank overdrafts.

### **(i) Financial liabilities**

Financial liabilities include creditors and amounts due to other Save the Children offices. They are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged or cancelled, or expires.

### **(j) Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a donor before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company transfers control of the related goods or services to the donor.

### **(k) Employee benefits**

The Company operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

### **(l) Provisions and contingent liabilities**

Provisions are recognised when the company 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.

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

## **2 Material accounting policies (continued)**

### **(m) Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable.

#### **(a) General donations**

General donations are recognised when the Company becomes entitled to the donations and it is probable that they will be received, which is generally upon receipt of cash.

#### **(b) Designated donations**

Designated donations are earmarked for specific purposes and are initially recognised as deferred income and then recognised in the statement of comprehensive income over the same period as the related costs which they are intended to compensate.

#### **(c) Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

#### **(d) Government subsidies**

Government subsidies are recognised at their fair value where there is reasonable assurance that the subsidy will be received and all attaching conditions will be complied with. When the subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

### **(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 are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in statement of comprehensive income.

## 2 Material accounting policies (continued)

### (o) Related parties

- (a) A person, or a close member of that person's family, is related to the company if that person:
- (i) has control or joint control over the company;
  - (ii) has significant influence over the company; or
  - (iii) is a member of the key management personnel of the company or the company's parent.
- (b) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the company 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 company or an entity related to the company.
  - (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 company or to the company'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 Revenue

The principal activities of the Company are fund raising for the promotion of children's rights and the delivery of immediate and lasting relief to children.

Income mainly represents general donations and designated donations received and receivables for the year.

### 4 (Deficit)/surplus for the year

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

	<i>Note</i>	2023 \$	2022 \$
Depreciation of items of property, plant and equipment	7	217,347	435,955
Depreciation of right-of-use asset	8	1,421,545	1,320,807
Amortisation of intangible assets	9	517,610	505,318
Foreign exchange differences, net		184,640	4,209
Auditor's remuneration		-	-
Employee benefits expense:			
Wages, salaries and allowances		26,811,871	23,078,892
Pension scheme contributions		852,510	706,701
		<u>27,664,381</u>	<u>23,785,593</u>

The Company's expenditure is allocated to one or more of the three expenditure categories shown in the statement of comprehensive income: "Fundraising expenditure", "Administrative expenses" and "Funding for programs". These allocations are based on various factors including estimates of time spent and office space utilised by the departments performing work in each of these three areas. Expenditure related to governance matters is allocated entirely to Administrative Expenses. Management reviews the basis of expenditure allocation annually to ensure that the estimates used fairly reflect the costs incurred.

## 5 Income tax in the statement of comprehensive income

No provision for Hong Kong Profits Tax has been made in these financial statements as the Company is an approved charitable institution and is exempt from taxation under section 88 of the Hong Kong Inland Revenue Ordinance (2022: Nil).

## 6 Trustees' emoluments

No trustees received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

## 7 Property, plant and equipment

	<i>Leasehold improvements</i> HK\$	<i>Fixture and furniture</i> HK\$	<i>Computer equipment</i> HK\$	<i>Total</i> HK\$
<b>Cost:</b>				
At 1 January 2022	1,836,033	418,620	939,234	3,193,887
Additions	-	-	183,910	183,910
At 31 December 2022 and 1 January 2023	1,836,033	418,620	1,123,144	3,377,797
Additions	26,120	5,395	177,340	208,855
At 31 December 2023	1,862,153	424,015	1,300,484	3,586,652
<b>Accumulated depreciation:</b>				
At 1 January 2022	1,526,555	391,788	716,428	2,634,771
Charge for the year	306,188	18,695	111,072	435,955
At 31 December 2022 and 1 January 2023	1,832,743	410,483	827,500	3,070,726
Charge for the year	5,793	8,469	203,085	217,347
At 31 December 2023	1,838,536	418,952	1,030,585	3,288,073
<b>Net book value:</b>				
At 31 December 2023	23,617	5,063	269,899	298,579
At 31 December 2022	3,290	8,137	295,644	307,071

## 8 Leases

The Company has a lease arrangement as a lessee for office premises with an original lease term of 3 years for use in its operations. The Company is restricted from assigning and subleasing the leased office premises outside of the Company.

### Right-of-use asset

The carrying amount of the Company's right-of-use asset for office premises and the movements during the year are as follows:

	<i>Office premise</i> \$
At 1 January 2022	728,497
New lease arrangement entered into during the year	4,264,635
Depreciation provided during the year (note 4)	<u>(1,320,807)</u>
At 31 December 2022 and 1 January 2023	3,672,325
Depreciation provided during the year (note 4)	<u>(1,421,545)</u>
At 31 December 2023	<u><u>2,250,780</u></u>

### Lease liabilities

The carrying amount of the Company's lease liabilities and the movements during the year are as follows:

	\$
At 1 January 2022	879,133
Lease liabilities for new lease arrangement during the year	4,264,635
Accretion of interest recognised during the year	122,459
Payments	<u>(1,549,116)</u>
At 31 December 2022 and 1 January 2023	3,717,111
Accretion of interest recognised during the year	177,982
Payments	<u>(1,549,116)</u>
At 31 December 2023	2,345,977
Portion classified as current liabilities	<u>(1,455,702)</u>
Non-current portion	<u><u>890,275</u></u>

The weighted average incremental borrowing rate applied to the lease liabilities recognised at 31 December 2023 was 6% (2022: 6%).

## 8 Leases (continued)

### Other lease information

The amounts recognised in the statement of comprehensive income for the year in relation to leases are as follows:

	2023 \$	2022 \$
Interest expenses on lease liabilities	177,982	122,459
Depreciation of right-of-use asset	1,421,545	1,320,807
	<u>1,599,527</u>	<u>1,443,266</u>

## 9 Intangible assets

	<i>Computer software</i> \$	<i>Website development costs</i> \$	<i>Total</i> \$
<b>Cost:</b>			
At 1 January 2022	2,439,716	494,432	2,934,148
Additions	51,872	-	51,872
At 31 December 2022 and 1 January 2023	2,491,588	494,432	2,986,020
Additions	5,160	218,700	223,860
At 31 December 2023	<u>2,496,748</u>	<u>713,132</u>	<u>3,209,880</u>
<b>Accumulated depreciation:</b>			
At 1 January 2022	1,170,623	222,493	1,393,116
Charge for the year	406,432	98,886	505,318
At 31 December 2022 and 1 January 2023	1,577,055	321,379	1,898,434
Charge for the year	415,079	102,531	517,610
At 31 December 2023	<u>1,992,134</u>	<u>423,910</u>	<u>2,416,044</u>
<b>Net book value:</b>			
At 31 December 2023	<u>504,614</u>	<u>289,222</u>	<u>793,836</u>
At 31 December 2022	<u>914,533</u>	<u>173,053</u>	<u>1,087,586</u>

## 10 Accounts receivable

	2023	2022
	\$	\$
Receivables	555,625	356,230
Deposits, prepayments and other receivables	1,801,412	4,825,515
	<u>2,357,037</u>	<u>5,181,745</u>

### Note:

All of the receivables, deposits, prepayments and other receivables are expected to be settled within one year.

## 11 Balances with other Save the Children offices

The amounts due from/(to) other Save the Children offices are unsecured and interest-free.

The carrying amount of amounts due from other Save the Children offices approximated to their fair values as at 31 December 2023 and 2022. Their recoverability was assessed with reference to their financial positions provided by the respective management, and the expected credit losses as at 31 December 2023 and 2022 were considered to be minimal.

## 12 Cash and bank balances

	2023	2022
	\$	\$
Deposits with banks and other financial institutions	27,016,953	27,901,596
Cash at bank and in hand	3,000	3,000
Cash and bank balances in the statement of financial position	<u>27,019,953</u>	<u>27,904,596</u>
Less: Deposits with original maturity over three months	-	(14,000,000)
Cash and cash equivalents in the cash flow statement	<u>27,019,953</u>	<u>13,904,596</u>

### 13 Accounts payable

		2023 \$	2022 \$
Creditors and accruals	(i)	7,255,653	5,922,565
Contract liabilities	(ii)	-	965,600
		<u>7,255,653</u>	<u>6,888,165</u>

Note:

- (i) All of the creditors and accruals are expected to be settled within one year.
- (ii) Details of contract liabilities are as follows:

	31 December 2023 \$	31 December 2022 \$	1 January 2022 \$
Advances received from donors	-	965,600	965,600

Contract liabilities as at 31 December 2022 represented advances received from donors in respect of a charitable event to be held in 2023. The contract liabilities were expected to be recognised as income in the following year.

### 14 Deferred income

The balance represents advanced donations received for which the designated program activities had not been undertaken as at the end of the reporting period. They are recognised in the statement of comprehensive income over the period that matches the related costs which they are intended to compensate.

### 15 General fund

General fund is reserved to safeguard the Company's capital for its financial management. The Company regularly reviews and manages its general fund reserve to accommodate temporary fluctuations in donation income and to ensure its ability to invest in children over the long term.

## 16 Fund-raising events subject to government license

The following surplus from events held during the year, which required a public subscription permit from the Hong Kong Social Welfare Department, have been included in the statement of comprehensive income:

	2023 HK\$	2022 HK\$
Donations received	66,046,654	66,841,546
Expenditure incurred	(7,573,396)	(6,323,875)
	<u>58,473,258</u>	<u>60,517,671</u>

The public subscription permits issued by the Hong Kong Social Welfare Department were as follows:

### Year ended 31 December 2023

<i>Permit number</i>	<i>Gross income HK\$</i>	<i>Gross expenditure HK\$</i>	<i>Net surplus HK\$</i>
2022/123/1 to 2022/123/25	<u>66,046,654</u>	<u>(7,573,396)</u>	<u>58,473,258</u>

### Year ended 31 December 2022

<i>Permit number</i>	<i>Gross income HK\$</i>	<i>Gross expenditure HK\$</i>	<i>Net surplus HK\$</i>
2021/134/1 to 2021/134/20	<u>66,841,546</u>	<u>(6,323,875)</u>	<u>60,517,671</u>

The funds raised above are used for supporting programmes in Hong Kong and worldwide for child protection, health, education, humanitarian aid, etc. with an endeavor to give children a healthy start in life.

## 17 Material related party transactions

### (a) Transactions with other related parties

In addition to those transactions and balances disclosed elsewhere in the financial statements, the Company had the following transactions with related parties during the year:

	2023 \$	2022 \$
Funding for programs granted to other Save the Children offices	<u>85,995,581</u>	<u>87,581,446</u>

### (b) Compensation of key management personnel of the Company

	2023 \$	2022 \$
Short term employee benefits	6,177,044	5,362,735
Pension scheme contributions	<u>84,500</u>	<u>76,426</u>
Total compensation paid to key management personnel	<u>6,261,544</u>	<u>5,439,161</u>

## 18 Financial risk management and fair values of financial instruments

### (a) Fair value measurement

The Company has assessed that the fair values of receivables, deposits and other receivables, amounts due from/(to) other Save the Children offices, cash and bank balances, creditors and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.



## 18 Financial risk management and fair values of financial instruments (continued)

### (b) Credit risk

All the Company's cash and cash equivalents are held in major financial institutions which management considered to be of high credit quality.

#### Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023 and 2022. The amounts presented are gross carrying amounts for financial assets.

#### 31 December 2023

	<i>General Approach</i>			<i>Simplified approach</i>	<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>		
	\$	\$	\$	\$	\$
Financial assets included in accounts receivable*					
- Normal	592,002	-	-	555,624	1,147,626
- Doubtful	-	-	-	-	-
Due from other Save the Children offices					
- Not yet past due	6,140,872	-	-	-	6,140,872
Cash and cash equivalents					
- Not yet past due	27,019,953	-	-	-	27,019,953
	<u>33,752,827</u>	<u>-</u>	<u>-</u>	<u>555,624</u>	<u>34,308,451</u>

#### 31 December 2022

	<i>General Approach</i>			<i>Simplified approach</i>	<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>		
	\$	\$	\$	\$	\$
Financial assets included in accounts receivable*					
- Normal	634,802	-	-	356,230	991,032
- Doubtful	-	-	-	-	-
Due from other Save the Children offices					
- Not yet past due	8,914,781	-	-	-	8,914,781
Cash and cash equivalents					
- Not yet past due	27,904,596	-	-	-	27,904,596
	<u>37,454,179</u>	<u>-</u>	<u>-</u>	<u>356,230</u>	<u>37,810,409</u>

\* The Company applies the simplified approach for impairment for its receivables.

The credit quality of the financial assets included in other receivables are considered as "normal" when they are not past due and there is no information indicating that the financial assets have significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets are considered as "doubtful".

## 18 Financial risk management and fair values of financial instruments (continued)

### (c) Liquidity risk

The Company's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in short and medium terms.

The following table details the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date that the Company could be required to repay:

#### 31 December 2023

	On demand or within 1 year \$	1 to 2 years \$	2 to 5 years \$	Beyond 5 years \$	Total \$
Creditors, accruals and contract liabilities	7,255,653	-	-	-	7,255,653
Due to other Save the Children offices	89,269	-	-	-	89,269
Lease liabilities	1,549,116	903,651	-	-	2,452,767
	<u>8,894,038</u>	<u>903,651</u>	<u>-</u>	<u>-</u>	<u>9,797,689</u>

#### 31 December 2022

	On demand or within 1 year \$	1 to 2 years \$	2 to 5 years \$	Beyond 5 years \$	Total \$
Creditors, accruals and contract liabilities	6,888,165	-	-	-	6,888,165
Due to other Save the Children offices	75,413	-	-	-	75,413
Lease liabilities	1,549,116	1,549,116	903,651	-	4,001,883
	<u>8,512,694</u>	<u>1,549,116</u>	<u>903,651</u>	<u>-</u>	<u>10,965,461</u>

## 18 Financial risk management and fair values of financial instruments (continued)

### (d) Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's currency risk arises from donation income, cash and bank balances, funding for programs granted to other Save the Children offices that are denominated in Euros ("EUR"), Renminbi ("RMB") and United States dollar ("USD"). As the HK\$ is pegged to the USD, the Company considers the risk of movements in exchange rates between the HK\$ and the USD to be insignificant. The movements in exchange rates between the EUR and RMB against HK\$ will affect the Company's financial position and results of operations.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR/HK\$ and RMB/HK\$ exchange rates, with all other variables held constant, of the Company's surplus before tax and the Company's funds.

	2023 Increase/ (decrease) in surplus and funds \$	2022 Increase/ (decrease) in surplus and funds \$
If Hong Kong dollar weakens against EUR by 10%	180,567	271,265
If Hong Kong dollar strengthens against EUR by 10%	(180,567)	(271,265)
If Hong Kong dollar weakens against RMB by 10%	569	601
If Hong Kong dollar strengthens against RMB by 10%	(569)	(601)

### (e) Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return through the optimisation of the equity balance.

The Company reviews the capital structure on a periodic basis. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company, to the extent that these do not conflict with the trustees' fiduciary duties towards the Company or the requirements of the Hong Kong Companies Ordinance.

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

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements:

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to HKAS 7, <i>Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

## 20 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

## 21 Approval of the financial statements

The financial statements were approved and authorised for issue by the board of trustees on 28 June 2024.

