ABOUT HKTB

CORPORATE INFORMATION

Corporate Governance

As a Government-subvented body, the HKTB is determined to implement high standards of corporate governance practices and enhance the transparency of its operational and financial matters. During the year, the HKTB strictly observed applicable regulations and procedures, and maintained a high level of integrity in its operations.

Structure and Management

The Board

The Board of the HKTB comprises 20 Members, representing a broad cross-section of the tourism and other industries. Members of the Board are appointed by the Chief Executive of the Hong Kong Special Administrative Region. They are broadly based and include, amongst others, passenger carriers, hotel operators, licensed travel agents, tour operators, retailers and restaurant operators.

The Board is the governing body of the HKTB, and is given the authority to exercise the general powers conferred under the Hong Kong Tourism Board Ordinance. The Board is also empowered to appoint committees to oversee various aspects of the HKTB's operations and provide advice to the Board on corporate governance matters arising from the Committee's work. The various committees are described in the following paragraphs.

Marketing and Business Development Committee (MBDC)

This committee provides strategic input and advice to the Board on its marketing direction and business development, reviews the draft annual business plan, and provides advice on new marketing directions and opportunities, global developments affecting tourism in Hong Kong, and strategies for enhancing the Board's external communications and industry relations. The committee meets four times a year, and extraordinary meetings can be convened if necessary. It comprises a chairman and seven Members from the Board, with the Director, Strategic Planning & Insights acting as Committee Secretary.

Product and Event Committee (PEC)

This committee provides strategic direction and input on the development of product and event strategy, and evaluates the contribution of any initiatives to the HKTB's overall marketing direction set by the Marketing and Business Development Committee. It reviews and approves the Product and Event Strategy Plan by providing comments and recommendations on new product initiatives and infrastructure development. It also approves the concepts and implementation of Mega Events. The committee meets four times a year, and extraordinary meetings can be convened if necessary. It comprises a chairman and eight Members from the Board, with the General Manager, Event & Product Development acting as Committee Secretary.

Staff and Finance Committee (SFC)

The committee reviews and endorses financial matters, including financial policies, management control, audited annual accounts, and matters involving long-term financial commitment by the HKTB such as office lease. It also reviews and endorses manpower planning, human resources policies, terms and conditions of employment, the creation and deletion of senior managerial positions, and the promotion of senior executives. The committee meets four times a year, and extraordinary meetings can be convened if necessary. It comprises a chairman and five Members from the Board with the General Manager, Human Resources & Administration acting as Committee Secretary.

Audit Committee (AC)

This committee provides advice to the Board on the adequacy of internal controls and the effectiveness and efficiency of the HKTB's operations, and is authorised to investigate any activities within its terms of reference. It reviews and endorses the annual audit plan to ensure adequate audit coverage of critical operations, reviews findings, recommendations and the implementation of actions arising from internal audit and other relevant authorities. It also reviews the annual audited financial statements before submission to the Board. The committee meets three times a year, and extraordinary meetings can be convened if necessary. It comprises a chairman and seven Members from the Board, with the Director, Internal Audit acting as Committee Secretary.

Quality Tourism Services Committee (QTSC)

This committee acts as the governing body of the Quality Tourism Services Scheme (QTS Scheme) and provides strategic input and advice to the Board on the development of the QTS Scheme. It also approves the assessment criteria, scheme rules, complaint handling policy and pricing policy of the QTS Scheme. The committee meets twice a year, and extraordinary meetings can be convened if necessary. It comprises a chairman, six Members from the Board and four industry members, with the General Manager, Business Development acting as Committee Secretary.

Board Members' Meeting Attendance

For the year ended 31 March 2019

Board Members	Board Meeting	Marketing & Business Development Committee	Product & Event Committee	Staff & Finance Committee	Audit Committee	Quality Tourism Services Committee
Dr Peter Lam (i) (Chairman)	6/6					2/2*
Mr Joe C.C. Wong (Deputy Chairman)	6/6	5/5	6/6	5/5	3/3	2/2
Ms Yip Wing-sie (ii)	2/3		3/3			
Mr T. C. Chan (i)	6/6				3/3*	
Ms Nansun Shi (i)	4/6		4/6			
Mr Winston Chow	5/6		3/6			1/2
Mr Barry D. Nassberg	3/6	4/5*			1/3	
Mr Paulo Pong	6/6		6/6*			2/2
Ms Winnie Tam (iii)	4/6			5/5*		1/2
Mr Victor Chan	5/6	4/5		4/5		
Mr James Tong	6/6	5/5		4/5		
Ms Belinda Yeung	5/6		6/6			2/2
Mr Thomas J. Wu	3/6		5/6		3/3	
Mrs Carrie Yu	6/6			4/5	2/3	
Ms Jeny Yeung (iv)	4/6	3/5			3/3	
Mr Jason Wong	5/6	4/5				2/2
Mr Jason Shum	6/6		5/6		3/3	
Ms Margaret Fong	4/6	5/5				
Mr Clarence Leung	5/6		5/6		3/3	
Ms Alice Kwok	4/6	5/5		5/5		
Ms Joyce Tam (v)	3/3		1/1			N/A#

(i) Appointment until 31 March 2019.
(ii) Appointment until 31 October 2018.
(iii) Ms Winnie Tam resigned from the QTS Committee on 26 November 2018.
(iv) Ms Jeny Yeung resigned from the Board on 31 March 2019.
(v) Appointment effective from 1 November 2018.
* Committee Chairman as at 31 March 2019.
# Appointed as a member of QTS Committee with effect from 27 November 2018. There was no meeting held from 27 November 2018 to 31 March 2019.

Internal Control and Compliance

One of the Board's responsibilities is to ensure that satisfactory systems and procedures of internal control are in place. These procedures are to provide reasonable assurance that management policies are adhered to, assets are safeguarded, operations are efficient and effective, misconduct and errors are prevented or detected, accurate and complete accounting records are compiled, and financial information is prepared in a timely manner. An exception reporting mechanism is in place through which cases of significant violation of internal rules and respective follow up actions are reported to the Board or its relevant committees. The compliance with legislations relevant to the HKTB is regularly reviewed by the internal Legal Counsel.

The Internal Audit Department has an independent role to evaluate the adequacy and effectiveness of the internal control. It formulates an audit plan yearly, covering the financial, operational and compliance control of functional units and worldwide offices. The Department has unrestricted access to information and personnel to perform its duties under the Internal Audit Charter. The Director, Internal Audit reports to the Executive Director and has direct access to the Audit Committee and its chairman, thereby ensuring his/her independence.

Apart from internal audit, the HKTB also engages an external auditor to perform statutory audit. The Audit Committee meets, at least once a year, with the external auditor without the presence of the HKTB Management, and agrees on the nature and scope of the statutory audit before the audit commences.

Management

Under the current organisation structure, the HKTB's activities are conducted through the following divisions:

- Business Development Division
- Corporate Affairs Division
- Corporate Services Division
- Event and Product Development Division
- Human Resources & Administration Division
- Internal Audit Department
- Marketing Division
- MICE & Cruise Division
- Strategic Planning & Insights Division
- Worldwide Offices

Other Information

About the HKTB

The Hong Kong Tourist Association (HKTA), a Government-subvented statutory body established in 1957, was reconstituted as the Hong Kong Tourism Board (HKTB) on 1 April 2001. Unlike the former HKTA, which was an association of members, the HKTB is a statutory body established under the Hong Kong Tourism Board Ordinance (Cap 302) and has no affiliation to any specific sector or organisation within the industry and is able to support the interests of Hong Kong's tourism in its entirety.

Primary Responsibilities & Missions

The primary responsibilities of the HKTB are to market and promote Hong Kong as a destination worldwide, as well as to take initiatives to enhance visitors' experiences upon their arrival. These include making recommendations to the Government and other relevant bodies on the range and quality of visitor facilities.

The HKTB's missions are to maximise the social and economic contribution made by tourism to the community of Hong Kong, and to consolidate Hong Kong's position as a unique, world-class and most desired destination.

Objectives

The six objectives of the HKTB, as defined under the Hong Kong Tourism Board Ordinance, are:

- to endeavour to increase the contribution of tourism to Hong Kong;
- to promote Hong Kong globally as a leading international city in Asia and a world-class tourist destination;
- to promote the improvement of facilities for visitors;
- to support the Government in promoting to the community the importance of tourism;
- to support, as appropriate, the activities of persons providing services for visitors to Hong Kong;
- to make recommendations to and advise the Chief Executive in relation to any measures which may be taken to further any of the foregoing matters.

Human Resources

At 31 March 2019, the total HKTB headcount numbered 377, of whom 131 were stationed outside Hong Kong. The HKTB expects a high level of integrity from its employees, and acquaints its staff with code of conduct guidelines and procedures through training sessions and briefings. The Employees' Handbook also provides full and specific guidance on employee behaviour.

Advisory Role and Industry Functions

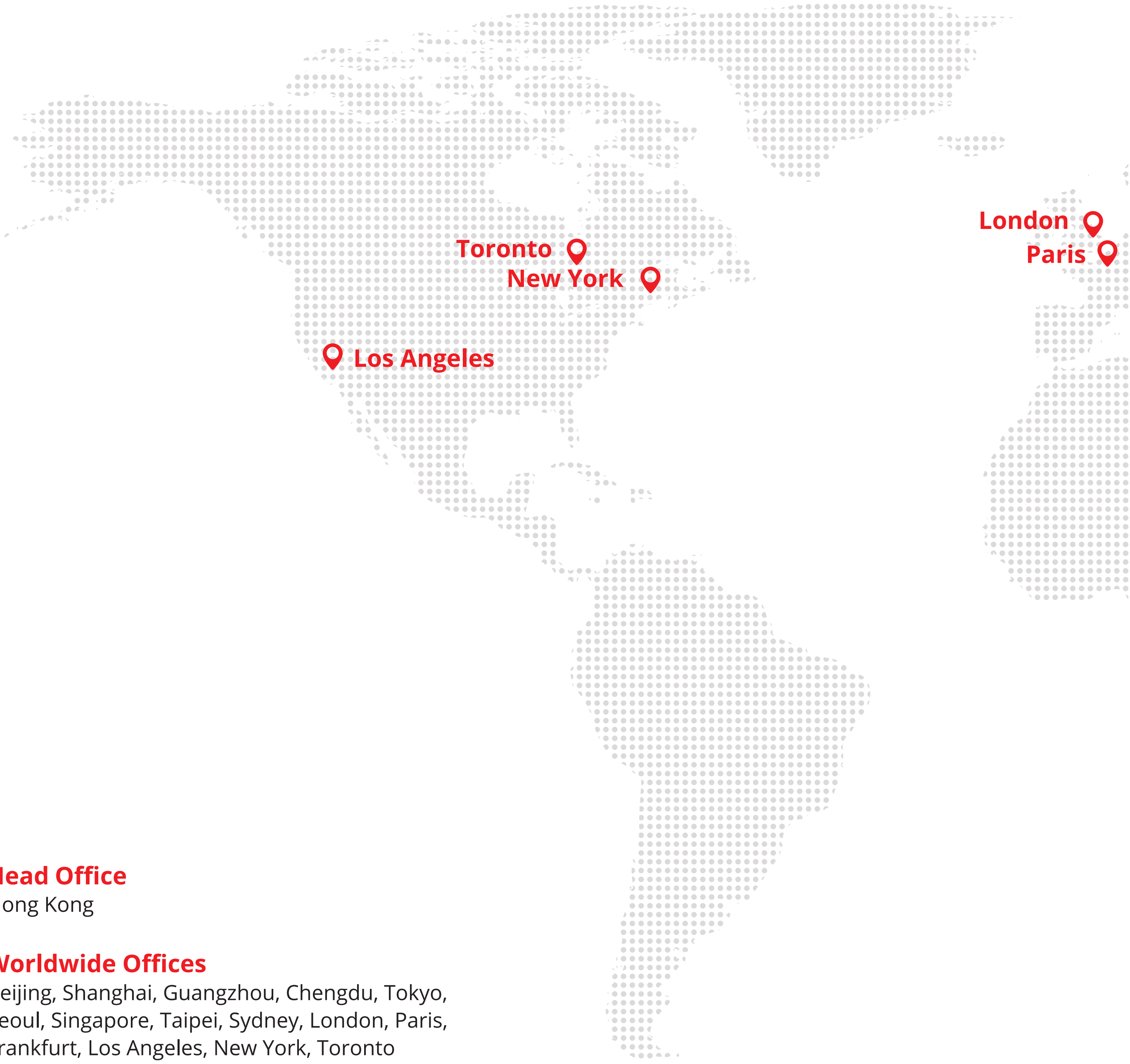
The HKTB works closely with the tourism-related sectors and relevant Government departments through its representation in the following strategy groups and forums:

- Advisory Board of PMQ
- Advisory Committee on Cruise Industry
- Advisory Committee on Travel Agents
- Advisory Council of Asian Federation of Exhibition & Convention Associations
- Aviation Development and Three-runway System Advisory Committee
- Board, Pacific Asia Travel Association (PATA)
- Chinese Culinary Institute Training Board, Vocational Training Council
- Committee on Shopping-related Practices, Travel Industry Council of Hong Kong
- Committee on Taxi Service Quality, Transport Department
- Executive Committee, Hong Kong Arts Festival Society
- Executive Committee, Hong Kong Association of Travel Agents
- Executive Committee, Hong Kong Exhibition & Convention Industry Association
- General Committee, Hong Kong Brand Development Council
- Hong Kong – Taiwan Economic and Cultural Cooperation and Promotion Council
- Hong Kong Trade Development Council
- Hotel, Catering and Tourism Training Board, Vocational Training Council
- Inbound Committee, Travel Industry Council of Hong Kong
- Mainland China Inbound Tour Affairs Committee, Travel Industry Council of Hong Kong
- Retail & Tourism Committee, Hong Kong General Chamber of Commerce
- Steering Committee on MICE
- Steering Group on the Modification of Recycling and Refuse Collection Facilities in Public Places
- Task Force on External Lighting
- The Hong Kong Association of Registered Tour Co-ordinators
- Tourism Strategy Group
- Vetting Committee, Training Programme Subsidy Scheme under the Travel Industry Training Fund, Travel Industry Council of Hong Kong

In addition, the HKTB contributes to the tourism and related industries by partnering with the following organisations:

- Guangdong • Hong Kong • Macao Tourism Marketing Organization
- Pacific Asia Travel Association (PATA)
- World Tourism Organisation (UNWTO)

WORLDWIDE OFFICES & REPRESENTATIVES



Head Office
Hong Kong

Worldwide Offices
Beijing, Shanghai, Guangzhou, Chengdu, Tokyo, Seoul, Singapore, Taipei, Sydney, London, Paris, Frankfurt, Los Angeles, New York, Toronto

Representative Offices
(for travel trade/media/consumer enquires only)
New Delhi, Bangkok, Jakarta, Philippines, Moscow, Dubai

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INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

Independent auditor's report to the Hong Kong Tourism Board

(Established under the Hong Kong Tourist Association Ordinance and reconstituted under the Hong Kong Tourist Association (Amendment) Ordinance 2001 and the Hong Kong Tourism Board Ordinance)

Opinion

We have audited the consolidated financial statements of the Hong Kong Tourism Board ("the Board") and its subsidiary (together "the Group") set out on pages 93 to 134, which comprise the consolidated and the Board statements of financial position as at 31 March 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and the consolidated statement of cash flows 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 financial position of the Board and of the Group as at 31 March 2019 and of the Group's consolidated financial performance and its consolidated 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").

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 Group 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 members of the Board 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.

Responsibilities of the members of the Board for the consolidated financial statements

The members of the Board 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 for such internal control as the members of the Board 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 members of the Board 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 members of the Board 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, 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:

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

- 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.
- 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 members of the Board.
- Conclude on the appropriateness of the Board 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 Audit Committee 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.

KPMG
Certified Public Accountants

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

5 August 2019

Consolidated Income Statement

for the year ended 31 March 2019 (Expressed in Hong Kong dollars)

	Note	2019	2018
General Fund			
Principal source of income	3(a)		
Government subvention for the year		**1,034,354,215**	948,478,819
Other revenue			
Interest income		**8,411,437**	3,838,998
Realisation of deferred income – office premises	12	**10,000,000**	10,000,000
Sponsorships		**46,841,800**	53,148,914
Promotion and advertising income		**16,659,291**	13,999,561
Sundry income		**33,451,781**	36,425,389
		115,364,309	117,412,862
Other net gain/(loss)			
Gain/(loss) on disposal of fixed assets		**55,323**	(608)
Total income	3(b)	**1,149,773,847**	1,065,891,073
Promotional, advertising and literature expenses		**494,992,972**	420,507,920
Research and product development		**18,662,600**	15,834,871
Local services and events		**294,215,084**	299,457,421
Staff costs	5(a)	**278,628,708**	255,254,094
Rent, rates and management fees		**15,976,582**	15,183,940
Depreciation	7(a)	**15,735,382**	16,306,318
Auditor's remuneration		**521,255**	501,715
Other operating expenses		**27,296,348**	35,652,772
Total expenditure		**1,146,028,931**	1,058,699,051
Surplus before tax for the year	5	**3,744,916**	7,192,022
Income tax	4	**(109,058)**	(39,803)
Surplus for the year		**3,635,858**	7,152,219

The notes on pages 99 to 134 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2019 (Expressed in Hong Kong dollars)

	Note	2019	2018
Surplus for the year		**3,635,858**	7,152,219
Other comprehensive income for the year:			
Item that will not be reclassified to the income statement:			
– Remeasurement of net defined benefit retirement plan asset	14(a)(v)	**645,000**	11,812,000
Total comprehensive income for the year		**4,280,858**	18,964,219

The notes on pages 99 to 134 form part of these financial statements.

Consolidated statement of financial position

as at 31 March 2019 (Expressed in Hong Kong dollars)

	Note	2019	2018
Non-current assets			
Fixed assets	7(a)	**21,118,659**	23,826,669
Defined benefit retirement plan asset	14(a)(i)	**-**	65,106,000
		21,118,659	88,932,669
Current assets			
Debtors, deposits and payments in advance	9	**24,780,046**	22,045,992
Tax recoverable		**-**	17,049
Deposits with banks and financial institutions	10	**496,957,729**	394,968,876
Cash at banks and in hand	10	**7,708,897**	7,802,934
		529,446,672	424,834,851
Current liabilities			
Receipts in advance		**34,304,608**	65,543,073
Contract liabilities	13	**2,574,298**	-
Accounts payable and accruals	11	**285,935,682**	214,837,497
Deferred income	12	**1,666,667**	10,000,000
Current taxation		**82,935**	-
		324,564,190	290,380,570
Net current assets		**204,882,482**	134,454,281
Non-current liability			
Deferred income	12	**-**	1,666,667
NET ASSETS		**226,001,141**	221,720,283
Represented by:			
RESERVE			
General Fund	15	**226,001,141**	221,720,283

Approved and authorised for issue on 5 August 2019.

Anthony Lau
Executive Director

Dr Pang Yiu-kai, GBS, JP
Chairman of the Board

The notes on pages 99 to 134 form part of these financial statements.

Statement of financial position

as at 31 March 2019 (Expressed in Hong Kong dollars)

	Note	2019	2018
Non-current assets			
Fixed assets	7(b)	**21,113,244**	23,812,459
Defined benefit retirement plan asset	14(a)(i)	**-**	65,106,000
Interests in a subsidiary	8	**551,876**	551,876
		21,665,120	89,470,335
Current assets			
Debtors, deposits and payments in advance	9	**24,409,041**	21,615,434
Deposits with banks and financial institutions	10	**496,957,729**	394,968,876
Cash at banks and in hand	10	**6,934,822**	7,600,135
		528,301,592	424,184,445
Current liabilities			
Amount due to a subsidiary	8	**3,577,328**	2,361,977
Receipts in advance		**34,304,608**	65,543,073
Contract liabilities	13	**2,574,298**	-
Accounts payable and accruals	11	**281,856,139**	212,373,923
Deferred income	12	**1,666,667**	10,000,000
		323,979,040	290,278,973
Net current assets		**204,322,552**	133,905,472
Non-current liability			
Deferred income	12	**-**	1,666,667
NET ASSETS		**225,987,672**	221,709,140
Represented by:			
RESERVE			
General Fund	15	**225,987,672**	221,709,140

Approved and authorised for issue on 5 August 2019.

Anthony Lau
Executive Director

Dr Pang Yiu-kai, GBS, JP
Chairman of the Board

The notes on pages 99 to 134 form part of these financial statements.

Consolidated statement of changes in reserves

for the year ended 31 March 2019 (Expressed in Hong Kong dollars)

	Note	2019	2018
General fund at the beginning of the year		**221,720,283**	202,756,064
Surplus for the year		**3,635,858**	7,152,219
Other comprehensive income for the year		**645,000**	11,812,000
Total comprehensive income for the year		**4,280,858**	18,964,219
General fund at the end of the year	15	**226,001,141**	221,720,283

The notes on pages 99 to 134 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2019 (Expressed in Hong Kong dollars)

	Note	2019	2018
Operating activities			
Surplus before tax for the year		**3,744,916**	7,192,022
Adjustments for:			
Interest income		**(8,411,437)**	(3,838,998)
Depreciation		**15,735,382**	16,306,318
(Gain)/loss on disposal of fixed assets		**(55,323)**	608
Realisation of deferred income - office premises		**(10,000,000)**	(10,000,000)
Operating surplus before changes in working capital		**1,013,538**	9,659,950
Amount in defined benefit retirement plan asset recognised in the consolidated income statement	14(a)(v)	**2,225,000**	653,000
Surplus refunded from defined benefit retirement plan	14(a)(iv)	**63,526,000**	-
Decrease/(increase) in debtors, deposits and payments in advance		**155,541**	(1,625,895)
Increase in receipts in advance, contract liabilities, accounts payable and accruals		**37,418,233**	13,666,052
Cash generated from operation		**104,338,312**	22,353,107
Overseas tax paid		**(9,074)**	(158,033)
Net cash generated from operating activities		**104,329,238**	22,195,074
Investing activities			
Interest received		**5,521,842**	3,168,863
Purchase of fixed assets		**(8,030,060)**	(2,615,137)
Proceeds from disposal of fixed assets		**73,796**	2,257
Increase in deposits with banks with maturity of more than 3 months		**(110,447,515)**	(100,917,710)
Net cash used in investing activities		**(112,881,937)**	(100,361,727)
Net decrease in cash and cash equivalents		**(8,552,699)**	(78,166,653)
Cash and cash equivalents at the beginning of the year	10	**180,065,575**	258,232,228
Cash and cash equivalents at the end of the year	10	**171,512,876**	180,065,575

The notes on pages 99 to 134 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Status of the Board

The Hong Kong Tourism Board ("the Board") is a subvented body corporate established in 1957 under the Hong Kong Tourist Association Ordinance and reconstituted under the Hong Kong Tourist Association (Amendment) Ordinance 2001 and the Hong Kong Tourism Board Ordinance. Its registered office and principal place of operation is 11th Floor, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong.

The principal activities of the Board are to market and promote Hong Kong as a world class tourist destination.

2 Significant 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 accounting principles generally accepted in Hong Kong. Significant accounting policies adopted by the Board and its subsidiary (together "the Group") are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

2 Significant accounting policies (continued)

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following development is relevant to the Group's financial statements:

- HKFRS 9, *Financial Instruments*
- HKFRS 15, *Revenue from Contracts with Customers*

(i) HKFRS 9, *Financial Instruments*

HKFRS 9 replaces HKAS 39, *Financial Instruments: Recognition and Measurement.* It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. There is no significant adjustment to the opening reserve at 1 April 2018 upon initial application of HKFRS 9. Therefore, comparative information continues to be reported under HKAS 39.

(a) Classification of Financial Assets and Financial Liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's four classification categories: held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The measurement categories for all financial assets and liabilities remain the same. The carrying amounts for all financial assets and liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

(b) Credit Losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than the "incurred loss" accounting model in HKAS 39. The ECL model applies to the Group's financial assets measured at amortised cost, but not to the Group's financial assets measured at fair value. For further details on the Group's accounting policy regarding the accounting for credit losses, see note 2(h).

There is no significant change in the amount of provision for impairment losses recognised as at 1 April 2018 as a result of the adoption of the ECL model.

(ii) HKFRS 15, *Revenue from Contracts with Customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction Contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of reserve at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported

2 Significant accounting policies (continued)

(c) Changes in accounting policies (continued)

(ii) HKFRS 15, *Revenue from Contracts with Customers* (continued)

under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

(a) Timing of revenue recognition

Previously under HKAS 18 and HKAS 11, revenue arising from provision of services and construction contracts was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when a performance obligation is satisfied. This is when the customer obtains control of the promised goods or services in the contract, which may be at a single point in time or over time.

HKFRS 15 identifies certain situations in which control of the promised goods or services is regarded as being transferred over time. If the contract terms and the entity's activities do not fall into any of those situations, then the entity recognises revenue for the sale at a single point in time, being when control has been passed.

Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue.

(b) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue (see note 2(n)) before unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, the Group has reclassified advanced receipts from membership renewal fee of Quality Tourism Services Scheme amounting to $2,701,217 from receipts in advance to contract liabilities at 1 April 2018 (see note 13).

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 19).

2 Significant accounting policies (continued)

(d) Films, publicity and advertising materials

Films, publicity and advertising materials are charged to the income statement on purchase, and no account is taken of stocks on hand at the end of the reporting period.

(e) Interests in a subsidiary

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights are considered.

Interests 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 Board's statement of financial position, interests in a subsidiary is stated at cost less impairment losses (see note 2(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses (see note 2(l)).

Assets under work in progress are stated at cost. Costs include cost of materials and direct labour.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

(g) Depreciation

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

– Leasehold properties	25 years
– Leasehold improvements	Over the shorter of the fixed lease term and 5 years
– Motor vehicles	4 years
– Furniture, fixtures and other equipment	3 - 5 years
– Computer hardware, software and system development	3 years

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

2 Significant accounting policies (continued)

(h) Debtors, deposits and payments in advance

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

(i) Policy applicable from 1 April 2018

The loss allowance is measured at an amount equal to lifetime expected credit losses ("ECLs"), which are those losses that are expected to occur over the expected life of the debtors. The loss allowance is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in the income statement. The Group recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of debtors through a loss allowance account.

The gross carrying amount of a debtors is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(ii) Policy applicable prior to 1 April 2018

Impairment losses were recognised when there was objective evidence of impairment and were 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 was material. Objective evidence of impairment included observable data that came to the attention of the Group about events that had an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

When the recovery of debtors were considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in the income statement.

2 Significant accounting policies (continued)

(i) Accounts payable and accruals and contract liabilities

Accounts payable 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.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(n)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(h)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in 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 changes in value, having been within three months of maturity at acquisition.

(k) Provisions and contingent liabilities

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

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

2 Significant accounting policies (continued)

(l) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that fixed assets and investment in a subsidiary may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

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 asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

An impairment loss is recognised in income statement if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2 Significant accounting policies (continued)

(n) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Government subvention to finance the general recurrent activities of the Group is recognised as revenue in the income statement of the year in respect of which it becomes receivable.

(ii) Government subvention to finance Meetings, Incentives, Conventions and Exhibitions ("MICE") bidding activities of the Group is recognised as revenue to the extent of the related expenditure incurred during the year, with the unutilised balance included in receipts in advance.

(iii) Government subvention to finance the non-recurrent activities of the Group is recognised as revenue to the extent of the related expenditure incurred during the year, with the unutilised balance included in receipts in advance.

(iv) Government subvention received for the purchase of office premises of the Group is included in the statement of financial position as deferred income and is credited to the income statement by instalments over the expected useful life of the related asset on a basis consistent with the depreciation policy (note 2(g)).

(v) Subscription fees are recognised on a time-apportioned basis.

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

(vii) Sponsorship income for the events is recognised in the income statement upon the completion date of the respective events.

(viii) Promotion and advertising income are accounted for on the accrual basis.

(o) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2 Significant accounting policies (continued)

(p) 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

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except where land is 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. In such cases, it 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, or at the date of construction of those buildings, if later.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement 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 income statement as an integral part of the aggregate net lease payments made.

2 Significant accounting policies (continued)

(q) Employee benefits

(i) Salaries, annual bonuses, annual leave, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

(ii) The Group operates a defined benefit and a defined contribution staff retirement scheme for the Hong Kong office, and defined contribution staff retirement schemes for certain overseas offices. Contributions made under the schemes applicable to each year are charged to the income statement for the year. Contributions for the defined benefit scheme of the Hong Kong office are made in accordance with the recommendations made by the actuary. Assets of the schemes, are held separately from those of the Group.

(iii) Contributions to Mandatory Provident Fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in the income statement as incurred.

(iv) The Group's net obligation in respect of defined benefit retirement plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Service cost and net interest expenses (income) on the net defined benefit liability (asset) are recognised in the income statement as part of "staff costs". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in the income statement at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period of the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

Remeasurements arising from defined benefit retirement plan are recognised in the other comprehensive income and reflected immediately in general fund. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

(v) Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2 Significant accounting policies (continued)

(r) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

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

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

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

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

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

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

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

(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 Revenue

(a) Principal source of income

The Group

The principal source of income is the subvention from the Government of the Hong Kong Special Administrative Region ("Government") for the year which is determined with regard to the needs of the Board as presented in its annual business plan of budget and proposed programme of activities. The amount of the subvention recognised as revenue during the year is analysed as follows:

	2019	2018
Recurrent subvention for the year	**644,185,737**	631,664,190
Non-recurrent subvention for the year	**390,168,478**	316,814,629
	1,034,354,215	948,478,819

(b) Total income

	2019	2018 (Note)
Revenue from contracts with customers within the scope of HKFRS 15	**96,952,872**	103,573,864
Revenue from other sources		
– Government subvention for the year	**1,034,354,215**	948,478,819
– Interest income	**8,411,437**	3,838,998
– Realisation of deferred income (see note 12)	**10,000,000**	10,000,000
– Gain/(loss) on disposal of fixed assets	**55,323**	(608)
	1,149,773,847	1,065,891,073

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 (see note 2(c)).

(c) As at 31 March 2019, no aggregated amount of the transaction price is allocated to the remaining performance obligations under the Group's existing contracts.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

4 Income tax

(a) Income tax in the consolidated income statement represents:

	2019	2018
Current tax - Overseas		
Provision for the year	**109,058**	39,803

No provision for Hong Kong Profits Tax has been made in the financial statements as the Board has been granted exemption from all Hong Kong taxes by the Inland Revenue Department under Section 87 of the Inland Revenue Ordinance. Taxation in respect of the Taiwan operation of HKTB Limited, a subsidiary of the Group, is charged at 20% of its estimated assessable profits (2018: 17%).

Taiwan's Legislative Yuan has enacted the tax reform proposals proposed by Taiwan's Ministry of Finance. Effective for taxable years beginning on or after 1 January 2018, the corporate income tax rate increased from 17% to 20%.

(b) Reconciliation between tax expense charged to the consolidated income statement and accounting profit at applicable tax rate:

	2019	2018
Surplus before tax for the year	**3,744,916**	7,192,022
Notional tax on surplus before taxation, calculated at the rates applicable to profits in the tax	**653,221**	1,171,789
Tax effect of non-deductible expenses	**193,351,892**	177,892,072
Tax effect of non-taxable income	**(193,926,447)**	(179,005,615)
Tax effect of temporary differences not recognised	**30,255**	12,452
Tax effect of temporary difference not recognised utilised this year	**137**	(30,895)
Actual tax expense	**109,058**	39,803

5 Surplus before tax for the year

The Group

(a) Staff costs

	2019	2018
Contributions to defined contribution retirement plan	**11,590,200**	10,347,881
Amounts recognised in respect of defined benefit retirement plan (note 14(a)(v))	**2,225,000**	653,000
Retirement costs	**13,815,200**	11,000,881
Salaries and other benefits	**264,813,508**	244,253,213
	278,628,708	255,254,094

(b) Other item

	2019	2018
Operating lease charges	**11,198,128**	10,675,051

6 Senior executives' pay and allowances

The Group

The senior executives of the Group include the Executive Director, Deputy Executive Director, General Managers and Regional Directors, and their total pay and allowances during the year were as follows:

	2019		
	Executive Director	Other senior executives	Total
Basic salaries	**4,839,000**	**25,312,000**	**30,151,000**
Discretionary performance pay	**841,000**	**2,550,000**	**3,391,000**
Retirement benefit expenses, contract gratuities and other allowances	**747,000**	**4,473,000**	**5,220,000**
	6,427,000	**32,335,000**	**38,762,000**

6 Senior executives' pay and allowances (continued)

The Group (continued)

	2018		
	Executive Director	Other senior executives	Total
Basic salaries	4,547,000	23,904,000	28,451,000
Discretionary performance pay	748,000	2,273,000	3,021,000
Retirement benefit expenses, contract gratuities and other allowances	704,000	4,433,000	5,137,000
	5,999,000	30,610,000	36,609,000

The salaries and discretionary performance pay (excluding retirement benefit expenses, contract gratuities and other allowances) for all senior executive positions of the Group fell within the following pay ranges:

	2019 No. of senior executive positions	2018 No. of senior executive positions
Pay ranges		
1 - $500,001 to $1,000,000 (note (a))	**-**	1
2 - $1,000,001 to $1,500,000 (note (b))	**3**	4
3 - $1,500,001 to $2,000,000 (note (c))	**1**	2
4 - $2,000,001 to $2,500,000 (notes (b) & (c))	**3**	1
5 - $2,500,001 to $3,000,000 (note (d))	**3**	4
6 - $3,000,001 to $3,500,000 (note (d))	**1**	-
7 - $3,500,001 to $4,000,000	**1**	1
8 - $4,000,001 to $4,500,000	**-**	-
9 - $4,500,001 to $5,000,000	**-**	-
10 - $5,000,001 to $5,500,000 (note (e))	**-**	1
11 - $5,500,001 to $6,000,000 (note (e))	**1**	-
	13	14

(a) Senior executive position under Pay range 1 decreased by 1 due to the vacant position in 2018/19.
(b) One senior executive position moved from Pay range 2 to Pay range 4 due to full year impact in 2018/19.
(c) One senior executive position moved from Pay range 3 to Pay range 4 due to annual salary increases.
(d) One senior executive position moved from Pay range 5 to Pay range 6 due to annual salary increases.
(e) One senior executive position moved from Pay range 10 to Pay range 11 due to annual salary increases.

6 Senior executives' pay and allowances (continued)

During the year, the Chairman and members of the Board did not receive any remuneration for their services rendered to the Board.

After deliberation and endorsement by the Staff and Finance Committee which comprises non-executive Board members and an officer of the Tourism Commission, the remuneration, terms and conditions of employment of the senior executives were approved by the Board. In accordance with the Hong Kong Tourism Board Ordinance, the appointment and terms and conditions of employment of the Executive Director and the Deputy Executive Director are subject to the approval of the Chief Executive of Hong Kong Special Administrative Region.

The senior executives receive a basic salary and a performance-based variable pay. With effect from 2007/08, the performance evaluation of senior executives is determined by a Performance Management System and assessment criteria, including Key Performance Indicators, Goals and Competencies. Their performance is referenced against a set of objectives set out in the annual business plan. The performance of the Executive Director is assessed by the Chairman of the Board while the performance of the Deputy Executive Director, General Managers and Regional Directors are assessed by the Executive Director. The variable pay of all the senior executives is approved by the Remuneration Review Committee comprising the Chairman of the Board and the Staff and Finance Committee.

The amount of discretionary performance pay for the Executive Director disclosed above represents the variable pay amount of $841,000 for the year ended 31 March 2019 (2018: $748,000).

The remuneration of other senior executive positions for the year ended 31 March 2019 represents compensation for the Deputy Executive Director, seven General Manager positions (2018: seven General Manager positions) and four Regional Director positions (2018: five Regional Director positions).

7 Fixed assets

(a) The Group

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and other equipment	Computer hardware, software and system development	Work in progress	Total
Cost:							
At 1 April 2018	252,855,009	11,530,917	333,411	12,762,935	27,734,071	2,240,471	307,456,814
Additions	-	3,110,801	345,880	634,228	3,194,441	5,760,495	13,045,845
Disposals	-	-	(333,411)	(500,393)	(1,360,216)	-	(2,194,020)
Transfer	-	-	-	-	1,322,966	(1,322,966)	-
At 31 March 2019	252,855,009	14,641,718	345,880	12,896,770	30,891,262	6,678,000	318,308,639
Accumulated depreciation:							
At 1 April 2018	241,055,103	9,093,980	333,411	10,596,598	22,551,053	-	283,630,145
Charge for the year	10,114,200	1,200,284	57,647	941,942	3,421,309	-	15,735,382
Disposals	-	-	(333,411)	(484,043)	(1,358,093)	-	(2,175,547)
At 31 March 2019	251,169,303	10,294,264	57,647	11,054,497	24,614,269	-	297,189,980
Net book value:							
At 31 March 2019	1,685,706	4,347,454	288,233	1,842,273	6,276,993	6,678,000	21,118,659

7 Fixed assets (continued)

(a) The Group (continued)

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and other equipment	Computer hardware, software and system development	Work in progress	Total
Cost:							
At 1 April 2017	252,855,009	10,512,661	333,411	11,830,265	27,114,954	-	302,646,300
Additions	-	1,018,256	-	1,363,858	1,912,380	2,240,471	6,534,965
Disposals	-	-	-	(431,188)	(1,293,263)	-	(1,724,451)
At 31 March 2018	252,855,009	11,530,917	333,411	12,762,935	27,734,071	2,240,471	307,456,814
Accumulated depreciation:							
At 1 April 2017	230,940,903	8,215,541	333,411	10,303,874	19,251,684	-	269,045,413
Charge for the year	10,114,200	878,439	-	722,800	4,590,879	-	16,306,318
Disposals	-	-	-	(430,076)	(1,291,510)	-	(1,721,586)
At 31 March 2018	241,055,103	9,093,980	333,411	10,596,598	22,551,053	-	283,630,145
Net book value:							
At 31 March 2018	11,799,906	2,436,937	-	2,166,337	5,183,018	2,240,471	23,826,669

Leasehold properties are all held on long term leases in Hong Kong.

7 Fixed assets (continued)

(b) The Board

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and other equipment	Computer hardware, software and system development	Work in progress	Total
Cost:							
At 1 April 2018	252,855,009	11,530,917	333,411	12,712,197	27,723,304	2,240,471	307,395,309
Additions	-	3,110,801	345,880	634,228	3,194,441	5,760,495	13,045,845
Disposals	-	-	(333,411)	(500,393)	(1,360,216)	-	(2,194,020)
Transfer	-	-	-	-	1,322,966	(1,322,966)	-
At 31 March 2019	252,855,009	14,641,718	345,880	12,846,032	30,880,495	6,678,000	318,247,134
Accumulated depreciation:							
At 1 April 2018	241,055,103	9,093,980	333,411	10,560,070	22,540,286	-	283,582,850
Charge for the year	10,114,200	1,200,284	57,647	933,147	3,421,309	-	15,726,587
Disposals	-	-	(333,411)	(484,043)	(1,358,093)	-	(2,175,547)
At 31 March 2019	251,169,303	10,294,264	57,647	11,009,174	24,603,502	-	297,133,890
Net book value:							
At 31 March 2019	1,685,706	4,347,454	288,233	1,836,858	6,276,993	6,678,000	21,113,244

7 Fixed assets (continued)

(b) The Board (continued)

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and other equipment	Computer hardware, software and system development	Work in progress	Total
Cost:							
At 1 April 2017	252,855,009	10,512,661	333,411	11,786,811	27,104,187	-	302,592,079
Additions	-	1,018,256	-	1,356,574	1,912,380	2,240,471	6,527,681
Disposals	-	-	-	(431,188)	(1,293,263)	-	(1,724,451)
At 31 March 2018	252,855,009	11,530,917	333,411	12,712,197	27,723,304	2,240,471	307,395,309
Accumulated depreciation:							
At 1 April 2017	230,940,903	8,215,541	333,411	10,276,634	19,243,243	-	269,009,732
Charge for the year	10,114,200	878,439	-	713,512	4,588,553	-	16,294,704
Disposals	-	-	-	(430,076)	(1,291,510)	-	(1,721,586)
At 31 March 2018	241,055,103	9,093,980	333,411	10,560,070	22,540,286	-	283,582,850
Net book value:							
At 31 March 2018	11,799,906	2,436,937	-	2,152,127	5,183,018	2,240,471	23,812,459

Leasehold properties are all held on long term leases in Hong Kong.

8 Interests in a subsidiary and amount due to a subsidiary

The Board

	2019	2018
Interests in a subsidiary		
Unlisted share, at cost	**1**	1
Capital contribution	**31,527,724**	31,527,724
Less: impairment loss	**(30,975,849)**	(30,975,849)
	551,876	551,876
Amount due to a subsidiary	**3,577,328**	2,361,977

As at 31 March 2019, the Board assessed the interests in the subsidiary and no additional impairment loss was recognised during the year (2018: Nil).

The amount due to a subsidiary is unsecured, interest free and has no fixed terms of repayment.

Details of the Board's wholly-owned subsidiary are set out below:

Name of company	Principal activities	Place of incorporation
HKTB Limited	Marketing and promoting Hong Kong	Hong Kong

Auditor's remuneration and other operating expenses of $54,323 for the year ended 31 March 2019 (2018: $53,105) in respect of the subsidiary were borne by the Board which has waived its right of recovery thereof.

9 Debtors, deposits and payments in advance

	The Group		The Board	
	2019	2018	2019	2018
Debtors	**2,580,720**	2,679,227	**2,580,720**	2,679,227
Less: Loss allowance	**(19,117)**	(19,117)	**(19,117)**	(19,117)
	2,561,603	2,660,110	**2,561,603**	2,660,110
Deposits and payments in advance	**22,218,443**	19,385,882	**21,847,438**	18,955,324
	24,780,046	22,045,992	**24,409,041**	21,615,434

Included in debtors, deposits and payments in advance are the following amounts denominated in major currencies other than the Group's and the Board's functional currency:

	Exposure to foreign currencies (expressed in Hong Kong dollars)			
	The Group		The Board	
	2019	2018	2019	2018
Australian Dollars	**354,414**	451,330	**354,414**	451,330
Chinese Yuan	**1,245,065**	2,346,216	**1,245,065**	2,346,216
Euros	**771,626**	652,661	**771,626**	652,661
Great Britain Pounds	**1,258,074**	767,391	**1,258,074**	767,391
Japanese Yen	**4,009,942**	3,621,965	**4,009,942**	3,621,965
Korean Won	**263,170**	238,226	**263,170**	238,226
New Taiwan Dollars	**371,005**	430,082	**-**	-
United States Dollars	**826,716**	291,868	**826,716**	291,868

The gross amount of debtors, deposits and payments in advance at 31 March 2019 that is expected to be recovered after more than one year for the Group is $4,507,491 and the Board is $4,292,681 (2018: the Group is $4,297,584 and the Board is $4,069,544).

Further details on the Group's credit policy are set out in note 17(a).

9 Debtors, deposits and payments in advance (continued)

(a) Impairment loss of debtors

Impairment loss in respect of debtors are recorded using an allowance account unless the Board is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against debtors directly (see note 2(h)).

The movement in the loss allowance of debtors during the year is as follows:

	The Group		The Board	
	2019	**2018**	**2019**	**2018**
At 1 April	**19,117**	19,117	**19,117**	19,117
Impairment loss recognised	**-**	-	**-**	-
At 31 March	**19,117**	19,117	**19,117**	19,117

At 31 March 2018 and 2019, loss allowance of $19,117 was recognised for the Group and the Board.

9 Debtors, deposits and payments in advance (continued)

(b) Debtors that are not impaired

Comparative information under HKAS 39

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment (see note 2(h)(ii)). At 31 March 2018, debtors of $19,117 were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivable was expected to be recovered.

The ageing analysis of debtors that are neither individually nor collectively considered to be impaired are as follows:

	The Group		The Board	
	2019	2018	2019	2018
Neither past due nor impaired	**333,416**	1,380,541	**333,416**	1,380,541
Less than 1 month past due	**191,333**	248,201	**191,333**	248,201
1 to 3 months past due	**810,321**	244,718	**810,321**	244,718
More than 3 months but less than 1 year past due	**705,150**	35,413	**705,150**	35,413
1 year or more than 1 year past due	**521,383**	751,237	**521,383**	751,237
	2,228,187	1,279,569	**2,228,187**	1,279,569
	2,561,603	2,660,110	**2,561,603**	2,660,110

Debtors that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Debtors that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

10 Cash and cash equivalents

	The Group		The Board	
	2019	2018	2019	2018
Deposits with banks and financial institutions	**496,957,729**	394,968,876	**496,957,729**	394,968,876
Cash at banks and in hand	**7,708,897**	7,802,934	**6,934,822**	7,600,135
Cash and cash equivalents in the statement of financial position	**504,666,626**	402,771,810	**503,892,551**	402,569,011
Less: Deposits with banks and financial institutions with maturity of more than three months at acquisition	**(333,153,750)**	(222,706,235)		
Cash and cash equivalents in the consolidated statement of cash flows	**171,512,876**	180,065,575		

Included in cash and cash equivalents are the following amounts denominated in major currencies other than the Group's and the Board's functional currency:

	Exposure to foreign currencies (expressed in Hong Kong dollars)			
	The Group		The Board	
	2019	2018	2019	2018
Australian Dollars	**555,337**	492,515	**555,337**	492,515
Canadian Dollars	**52,201**	108,068	**52,201**	108,068
Chinese Yuan	**396,444**	220,613	**396,444**	220,613
Euros	**157,538**	242,645	**157,538**	242,645
Great Britain Pounds	**176,927**	602,628	**176,927**	602,628
Japanese Yen	**104,982**	109,138	**104,982**	109,138
Korean Won	**7,979**	298,876	**7,979**	298,876
New Taiwan Dollars	**690,065**	180,959	**-**	-
United States Dollars	**400,078**	347,306	**400,078**	347,306

Deposits with banks and financial institutions bear fixed interest rates with the effective interest rates per annum at the end of the reporting period for the Group and the Board ranging from 0.17% to 2.83% (2018: the Group and the Board ranging from 0.02% to 1.6%).

11 Accounts payable and accruals

	The Group		The Board	
	2019	**2018**	**2019**	**2018**
Accounts payable	**237,854,880**	168,445,963	**235,037,219**	167,079,862
Other payables and sundry creditors	**48,080,802**	46,391,534	**46,818,920**	45,294,061
	285,935,682	214,837,497	**281,856,139**	212,373,923

Included in accounts payable and accruals are the following amounts denominated in major currencies other than the Group and the Board's functional currency:

	Exposure to foreign currencies (expressed in Hong Kong dollars)			
	The Group		The Board	
	2019	**2018**	**2019**	**2018**
Australian Dollars	**5,369,244**	6,257,980	**5,369,244**	6,257,295
Canadian Dollars	**585,654**	974,773	**585,654**	974,773
Chinese Yuan	**26,093,827**	8,442,444	**26,093,827**	8,442,444
Euros	**5,576,395**	3,802,223	**5,576,395**	3,802,223
Great Britain Pounds	**4,748,019**	5,466,103	**4,748,019**	5,466,103
Indian Rupee	**2,105,822**	1,062,175	**2,105,822**	1,062,175
Japanese Yen	**7,806,746**	6,195,748	**7,806,746**	6,186,278
Korean Won	**6,973,478**	4,481,736	**6,973,478**	4,471,231
Singapore Dollars	**1,833,959**	3,555,440	**1,833,959**	3,550,217
New Taiwan Dollars	**3,436,985**	2,551,999	**2,104,562**	98,792
United States Dollars	**20,106,214**	5,526,250	**20,106,214**	5,526,250

The gross amount of accounts payable and accruals at 31 March 2019 that is expected to be settled after more than one year for the Group is $8,027,322 and the Board is $7,952,509 (2018: the Group is $8,259,375 and the Board is $8,177,844).

12 Deferred income

	The Group and the Board	
	2019	**2018**
Government subvention granted		
– 1994/95	**250,000,000**	250,000,000
Aggregate realisation:		
At 1 April	**238,333,333**	228,333,333
Realised during the year	**10,000,000**	10,000,000
At 31 March	**248,333,333**	238,333,333
Balance at 31 March	**1,666,667**	11,666,667
Less: Amount included in "current liabilities"	**1,666,667**	10,000,000
Amount included in "non-current liability"	**-**	1,666,667

13 Contract liabilities

Upon the adoption of HKFRS 15, opening adjustments were made as at 1 April 2018 to reclassify receipts in advance of $2,701,217 to contract liabilities.

Movements in contract liabilities of the Group and the Board during the year ended 31 March 2019 are as follows:

Balance as at 1 April 2018	**2,701,217**
Decrease in contract liabilities as a result of revenue recognised during the year that was included in the contract liabilities at the beginning of the year	**(2,673,599)**
Increase in contract liabilities as a result of billing in advance	**2,546,680**
Balance as at 31 March 2019	**2,574,298**

Contract liabilities arise from billing in advance for membership renewal fee in respect of Quality Tourism Services Scheme.

14 Employee retirement benefits

The Group and the Board

(a) Defined benefit retirement plan

The Board makes contributions to a defined benefit retirement scheme registered under the Hong Kong Occupational Retirement Schemes Ordinance. The defined benefit retirement scheme was terminated with effect from 31 March 2019. The scheme no longer covers the Board's employees based in Hong Kong (2018: 8%). The scheme was administered by an independent trustee, and the assets were held in a trust separately from those of the Board.

With effect from 1 January 2019, employees under the defined benefit retirement scheme joined the Choice Plan (see note 14(b)).

(i) The amounts recognised in the consolidated and the Boards statement of financial position is as follows:

	2019	2018
Present value of wholly or partly funded obligations	-	(26,047,000)
Fair value of plan assets	-	91,153,000
Defined benefit retirement plan asset	-	65,106,000

The Board made no contributions to the defined benefit retirement plan during the year ended 31 March 2019 since the Board has taken the contribution holiday recommended by an independent actuary, Willis Towers Watson ("Towers Watson").

(ii) Plan assets consist of the following:

	2019	2018
Equity securities		
– Pacific Basin	-	20,476,000
– Europe	-	11,447,000
– Americas	-	17,637,000
	-	49,560,000
Bond		
– Global Bond	-	40,166,000
Cash at banks	-	1,427,000
Benefit payable	-	-
	-	91,153,000

14 Employee retirement benefits (continued)

The Group and the Board (continued)

(a) Defined benefit retirement plan (continued)

(iii) Movement in the present value of the defined benefit obligations:

	2019	2018
At 1 April	**26,047,000**	31,682,000
Remeasurements:		
– Actuarial gains arising from changes in liability experience	**(118,000)**	(1,150,000)
– Actuarial gains arising from changes in financial assumptions	**(86,000)**	(407,000)
– Actuarial (gains)/losses arising from demographic assumptions	**(1,000)**	1,000
	(205,000)	(1,556,000)
Benefits paid by the plan	**(5,901,000)**	(5,833,000)
Current service costs	**706,000**	1,354,000
Interest cost	**307,000**	400,000
Past service cost - curtailments	**2,349,000**	-
Settlements	**(23,303,000)**	-
	(25,842,000)	(4,079,000)
At 31 March	**-**	26,047,000

The weighted average duration of the defined benefit obligation was 4.2 years (2018: 3.9 years).

(iv) Movements in fair value of plan assets:

	2019	2018
At 1 April	**91,153,000**	85,629,000
Benefits paid by the plan	**(5,901,000)**	(5,833,000)
Interest income	**1,137,000**	1,101,000
Return on plan assets, excluding interest income	**440,000**	10,256,000
– Surplus refunded to the employer	**(63,526,000)**	-
– Settlements	**(23,303,000)**	-
At 31 March	**-**	91,153,000

14 Employee retirement benefits (continued)

The Group and the Board (continued)

(a) Defined benefit retirement plan (continued)

(v) Amounts recognised in the consolidated income statement and other comprehensive income are as follows:

	2019	2018
Current service cost	**706,000**	1,354,000
Net interest on net defined benefit asset	**(830,000)**	(701,000)
Past service cost curtailments	**2,349,000**	-
Total amounts recognised in the consolidated income statement	**2,225,000**	653,000
Actuarial gains	**(205,000)**	(1,556,000)
Return on plan assets, excluding interest income	**(440,000)**	(10,256,000)
Total amounts recognised in other comprehensive income	**(645,000)**	(11,812,000)
Total defined benefit costs	**1,580,000**	(11,159,000)

The retirement expense is recognised under staff costs in the consolidated income statement.

(vi) The principal actuarial assumptions used as at 31 March 2019 (expressed as weighted averages) and sensitivity analysis are as follows:

	2019	2018
Discount rate	**1.80%**	1.70%
Future salary increases	**4.50%**	4.50%

14 Employee retirement benefits (continued)

(b) Defined contribution retirement plan

The Board makes contributions to a defined contribution plan ("Choice Plan") in accordance with the terms stated in the Trust Deed.

Employees under the Choice Plan, together with employees under the previous defined benefit retirement scheme (see note 14(a)), joined a pooled defined contribution retirement plan effective from 1 January 2019. Under the Choice Plan, the employer is required to make 8% - 12% (2018: 8% - 15%) contributions of the employees' relevant income. Employees are not required to make contributions to the Choice Plan.

The Board also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the Choice Plan. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000. Contributions to the scheme vest immediately.

15 Reserve

	The Group		The Board	
	2019	**2018**	**2019**	**2018**
General fund at the beginning of the year	**221,720,283**	202,756,064	**221,709,140**	202,747,064
Surplus for the year	**3,635,858**	7,152,219	**3,633,532**	7,150,076
Other comprehensive income for the year	**645,000**	11,812,000	**645,000**	11,812,000
Total comprehensive income for the year	**4,280,858**	18,964,219	**4,278,532**	18,962,076
General fund at the end of the year	**226,001,141**	221,720,283	**225,987,672**	221,709,140

General Fund

The General Fund represents the Group's and the Board's unallocated balances and surpluses. The use of the unallocated balances or surpluses requires prior approval from the Board and the Government.

Based on the understanding between the Government and the Board, the level of reserves held by the Group may increase to a level equivalent to four months of gross expenditure.

16 Commitments

At 31 March 2019, the Group and the Board had commitments in respect of the following:

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Board	
	2019	**2018**	**2019**	**2018**
Within 1 year	**12,891,176**	12,774,899	**12,787,887**	11,931,503
After 1 year but within 5 years	**8,950,897**	10,495,699	**8,950,897**	10,386,445
	21,842,073	23,270,598	**21,738,784**	22,317,948

The Group and the Board lease a number of properties and office equipment under operating leases. The leases typically run for an initial period from one to ten years, with an option to renew the leases when all terms are renegotiated for properties lease. None of the leases includes contingent rentals.

17 Financial risk management

Exposure to credit, liquidity, interest rate and foreign currency 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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to deposits with banks and financial institutions, cash at banks and debtors. The Group's exposure to credit risk arising from deposits with banks and financial institutions, cash at banks is limited because the counterparties are banks and financial institutions with sound credit rating, for which the Group considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(b) Liquidity risk

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

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's and the Board's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Board can be required to pay:

17 Financial risk management (continued)

(b) Liquidity risk (continued)

The Group

	2019				
	Carrying amount/ total contractual undiscounted cashflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Receipts in advance	**34,304,608**	**34,304,608**	**-**	**-**	**-**
Contract liabilities	**2,574,298**	**2,574,298**	**-**	**-**	**-**
Accounts payable and accruals	**285,935,682**	**277,908,360**	**2,685,522**	**2,783,982**	**2,557,818**
	322,814,588	**314,787,266**	**2,685,522**	**2,783,982**	**2,557,818**

	2018				
	Carrying amount/ total contractual undiscounted cashflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Receipts in advance	65,543,073	65,543,073	-	-	-
Accounts payable and accruals	214,837,497	206,578,122	3,305,647	2,196,514	2,757,214
	280,380,570	272,121,195	3,305,647	2,196,514	2,757,214

The Board

	2019				
	Carrying amount/ total contractual undiscounted cashflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Receipts in advance	**34,304,608**	**34,304,608**	**-**	**-**	**-**
Contract liabilities	**2,574,298**	**2,574,298**	**-**	**-**	**-**
Accounts payable and accruals	**281,856,139**	**273,903,630**	**2,662,868**	**2,731,823**	**2,557,818**
	318,735,045	**310,782,536**	**2,662,868**	**2,731,823**	**2,557,818**

17 Financial risk management (continued)

(b) Liquidity risk (continued)

The Board (continued)

	2018				
	Carrying amount/ total contractual undiscounted cashflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Receipts in advance	65,543,073	65,543,073	-	-	-
Accounts payable and accruals	212,373,923	204,196,079	3,303,250	2,117,380	2,757,214
	277,916,996	269,739,152	3,303,250	2,117,380	2,757,214

(c) Interest rate risk

The Group has no financing from external parties other than Government subvention and the Group is not exposed to interest rate risk on financing.

Note 10 contains information about the effective interest rates of the Group's income-earning financial instruments at the end of the reporting period.

(d) Foreign currency risk

Exposure to currency risk

The Group incurs expenses that are denominated in currencies other than Hong Kong Dollars ("HKD"), the functional currency of the Group, for the operations of the overseas offices. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Japanese Yen, Australian Dollars, Canadian Dollars, Euros, Great Britain Pounds, Chinese Yuan, Singapore Dollars, New Taiwan Dollars and Korean Won.

Sensitivity analysis

The following table indicated the instantaneous change in the Group's surplus after tax and general fund that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any change in movement in value of the USD against other currencies.

17 Financial risk management (continued)

(d) Foreign currency risk (continued)

Sensitivity analysis (continued)

	2019		2018	
	Increase/ (decrease) in foreign exchange rates	Effect on surplus after tax and general fund	Increase/ (decrease) in foreign exchange rates	Effect on surplus after tax and general fund
Australian Dollars	**5%**	**(222,975)**	5%	(265,672)
	(5)%	**222,975**	(5)%	265,672
Canadian Dollars	**5%**	**(24,344)**	5%	(39,119)
	(5)%	**24,344**	(5)%	39,119
Chinese Yuan	**5%**	**(1,222,297)**	5%	(293,781)
	(5)%	**1,222,297**	(5)%	293,781
Euros	**5%**	**(232,362)**	5%	(145,346)
	(5)%	**232,362**	(5)%	145,346
Great Britain Pounds	**5%**	**(165,651)**	5%	(204,804)
	(5)%	**165,651**	(5)%	204,804
Japanese Yen	**5%**	**(184,561)**	5%	(122,756)
	(5)%	**184,561**	(5)%	122,756
Singapore Dollars	**5%**	**(85,540)**	5%	(170,897)
	(5)%	**85,540**	(5)%	170,897
New Taiwan Dollars	**5%**	**(118,796)**	5%	(97,048)
	(5)%	**118,796**	(5)%	97,048
Korean Won	**5%**	**(335,116)**	5%	(196,706)
	(5)%	**335,116**	(5)%	196,706

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' surplus after tax and general fund measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2018.

17 Financial risk management (continued)

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2019 and 2018.

18 Material related party transactions

Other than those disclosed elsewhere in the financial statements, no other material related party transactions were carried out in the normal course of the Group's business during the current and prior financial years.

19 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these new issues or amendments is expected to be in the period of initial application. So far, the Group considers that the adoption of them is unlikely to have a significant impact on the Group's financial statements, except for HKFRS 16, *Leases*.

HKFRS 16, *Leases*

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 income statement and statement of comprehensive income over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of reserve at 1 April 2019 and will not restate the comparative information. As disclosed in note 16, at 31 March 2019, the Group's future minimum lease payments under non-cancellable operating leases amount to $21,842,073 and $21,738,784 for the Group and the Board respectively, which is payable either within 1 year or between 1 and 5 years after the reporting date. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets will be adjusted, after taking account the effects of discounting, as at 1 April 2019.