

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

**Executive Committee's Report and
Financial Statements
For the year ended 31 August 2018**

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

CONTENTS

	Page
Executive Committee's Report	1
Independent Honorary Auditor's Report	3
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Fund	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

EXECUTIVE COMMITTEE'S REPORT

The members of the Executive Committee submit their report together with the audited financial statements for the year ended 31 August 2018.

PRINCIPAL ACTIVITY

The Company is a charitable institution and provides free English language education to under-privileged children.

FINANCIAL STATEMENTS

The financial performance of the Company for the year ended 31 August 2018 and the financial position of the Company as at that date are set out in the financial statements on pages 6 to 22.

MEMBERS OF THE EXECUTIVE COMMITTEE

The members of the Executive Committee during the year and up to the date of this report were:-

James Patrick CUNNINGHAM

Belinda Margaret GREER

Yoon Ping Sally KONG

Ning Li

Allen G. SING

Randall Theodore STEVENS

Yok Sing Jasper TSANG

Hoi Sze Alice WONG

Leo Clark ZEN

Stephen David LOGGIE

(appointed on 18 September 2017)

Tony TURNER

(resigned on 8 January 2018)

In accordance with article 37 of the Company's articles of association, all remaining members of the Executive Committee retire from the Executive Committee and, being eligible, offer themselves for re-election.

No transactions, arrangements or contracts of significance to which the Company was a party and in which a member of the Executive Committee of the Company or an entity connected with a member of the Executive Committee of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

EXECUTIVE COMMITTEE'S REPORT

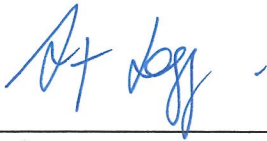
MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

AUDITOR

A resolution will be proposed at the forthcoming general meeting of the Company to re-appoint the honorary auditor, BDO Limited.

By behalf of the Executive Committee



Chairman

Hong Kong, 20 MAY 2019

**INDEPENDENT HONORARY AUDITOR'S REPORT
TO THE MEMBERS OF SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)**

(Incorporated in Hong Kong with limited liability by Guarantee and not having a share capital)

OPINION

We have audited the financial statements of Summerbridge Hong Kong Limited set out on pages 6 to 22, which comprise the statement of financial position as at 31 August 2018, and the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 August 2018 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The members of the Executive Committee are responsible for the other information. The other information comprises the information included in the Executive Committee's Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**INDEPENDENT HONORARY AUDITOR'S REPORT
TO THE MEMBERS OF SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)**

(Incorporated in Hong Kong with limited liability by Guarantee and not having a share capital)

MEMBERS OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

The members of the Executive Committee are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



**INDEPENDENT HONORARY AUDITOR'S REPORT
TO THE MEMBERS OF SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)**

(Incorporated in Hong Kong with limited liability by Guarantee and not having a share capital)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Executive Committee.
- Conclude on the appropriateness of the members of the Executive Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members of the Executive 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.

BDO Limited

Certified Public Accountants

Shiu Hong NG

Practising Certificate number: P03752

Hong Kong, 20 MAY 2019

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 HK\$	2017 HK\$
Revenue			
Corporate donations		3,604,236	3,825,697
Monthly giving project donations		90,395	-
Charity event		16,140	-
Lunch fees		101,450	97,800
Other donations		17,970	36,790
Bank interest income		267	115
Others		1,000	-
		3,831,458	3,960,402
Expenditure			
Summer programs		2,228,170	2,162,721
School year programs		1,059,393	1,102,859
Administrative salaries and benefits		411,235	311,254
Office expenses		322,970	309,249
Monthly giving project		234,099	-
Development and public relations		162,555	99,507
Bank charges		4,304	2,480
		(4,422,726)	(3,988,070)
Deficit and total comprehensive income for the year	5	<u>(591,268)</u>	<u>(27,668)</u>

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018

	Note	2018 HK\$	2017 HK\$
Non-current assets			
Property, plant and equipment	7	-	-
Current assets			
Other receivables, rental deposits and prepayments		547,207	49,324
Cash at bank and in hand		5,585,415	6,719,912
		6,132,622	6,769,236
Current liabilities			
Accruals		3,641	48,987
Net current assets		6,128,981	6,720,249
Net assets		6,128,981	6,720,249
Representing:			
Accumulated surplus		6,128,981	6,720,249

On behalf of the Executive Committee


Member of the Executive Committee


Member of the Executive Committee

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 AUGUST 2018

	Accumulated surplus HK\$
Balance at 1 September 2016	6,747,917
Deficit and total comprehensive income for the year	<u>(27,668)</u>
Balance at 31 August 2017	6,720,249
Deficit and total comprehensive income for the year	<u>(591,268)</u>
Balance at 31 August 2018	<u><u>6,128,981</u></u>

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	2018 HK\$	2017 HK\$
Cash flows from operating activities		
Deficit for the year	(591,268)	(27,668)
Adjustment for:		
Interest income	<u>(267)</u>	<u>(115)</u>
Operating cash flows before working capital changes	(591,535)	(27,783)
(Increase)/decrease in other receivables, rental deposits and prepayments	(497,883)	65,136
Decrease in accruals	<u>(45,346)</u>	<u>(29,439)</u>
Net cash (used in)/from operating activities	(1,134,764)	7,914
Cash flows from investing activity		
Interest received	<u>267</u>	<u>115</u>
(Decrease)/increase in cash at bank and in hand	(1,134,497)	8,029
Cash at bank and in hand at beginning of year	<u>6,719,912</u>	<u>6,711,883</u>
Cash at bank and in hand at end of year	<u>5,585,415</u>	<u>6,719,912</u>

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018

1. ORGANISATION AND OPERATIONS

The Company is a charitable organisation limited by guarantee. Its registered office and principal place of business are located at Offices A&B, 20/F, Kam Chung Commercial Building, 19-21 Hennessy Road, Wanchai, Hong Kong. It was incorporated under the Hong Kong Companies Ordinance without a share capital on 26 November 2001, and is limited by guarantee. In the event of the Company being wound up, each member may be required to contribute a sum not exceeding HK\$100. The number of members as at 31 August 2018 was 10 (2017: 10).

The financial statements are presented in Hong Kong dollar which is also the functional currency of the Company.

The Company's main objectives are:

- (a) To improve the educational trajectories of low-income students by providing them with tuition-free, quality English education and life skills development.
- (b) To foster cross-cultural exchange and a sense of civic duty among young people.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE PROVISIONS RELATING TO THE PREPARATION OF FINANCIAL STATEMENTS

(a) Adoption of new/revised HKFRSs - effective 1 September 2017

The Company has applied all the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Company's financial year beginning on 1 September 2017.

The adoption of these new/revised standards and interpretations had no material impact on the Company's financial statements.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND NEW HONG KONG COMPANIES ORDINANCE PROVISIONS RELATING TO THE PREPARATION OF FINANCIAL STATEMENTS - Continued

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Company’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Company.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ¹
HKFRS 16	Leases ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

The Company has already commenced a preliminary assessment of the potential impact of adoption of the above new/revised HKFRSs. The management anticipates that the application of these new/revised HKFRSs will have no material impact on the Company’s financial performance and positions other than certain portion of the Company’s lease commitments will be required to be recognised in the statement of financial position as right-of-use assets and lease liabilities.

SUMMERBRIDGE HONG KONG LIMITED

(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2018

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

(b) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost basis.

(c) Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at their historical cost, less any subsequent accumulated depreciation and any accumulated impairment losses.

Historical cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset or a separate asset.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Computer equipment is depreciated over 3 years.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(d) Impairment of other assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(e) Financial instruments

i) Financial assets

Loans and receivables

Receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(e) Financial instruments - Continued

ii) Impairment loss on financial assets

Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Company assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

SUMMERBRIDGE HONG KONG LIMITED

(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2018

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(e) Financial instruments - Continued

iii) Financial liabilities

Financial liabilities at amortised cost including accruals are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

v) Derecognition

The Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(g) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals under operating leases are charged to profit or loss on a straight line basis over the lease term.

(h) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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, the existence of which 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.

SUMMERBRIDGE HONG KONG LIMITED

(夏橋有限公司)

**NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018**

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(i) Translation of foreign currencies

Foreign currency transactions are translated into Hong Kong dollars, being the functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

(j) Revenue recognition

- (i) Revenue from donations are recognised according to the terms of the agreement.
- (ii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There is no significant risk of key assumptions concerning the future and other key sources of estimation at end of the reporting period which will cause an adjustment to the carrying amounts of assets and liabilities within the next financial year.

There are no significant effects on amounts recognised in the financial statements arising from the judgement or estimates used by management.

SUMMERBRIDGE HONG KONG LIMITED

(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018

5. DEFICIT FOR THE YEAR

	2018	2017
	HK\$	HK\$
Deficit for the year is arrived at after charging:-		
Members of the Executive Committee's remuneration	-	-
Honorary Auditor's remuneration	-	-
Staff costs:-		
- Salaries and allowances:		
- Administration	395,777	296,599
- Education and learning programs	2,273,186	2,254,500
- Monthly giving project	222,400	-
	2,891,363	2,551,099
- Contributions to Mandatory Pension Fund:		
- Administration	15,459	14,656
- Education and learning programs	41,355	46,800
- Monthly giving project	11,120	-
	<u>67,934</u>	<u>61,456</u>

6. TAXATION

The Company is a charitable institution of a public character and is exempt from profits tax in Hong Kong under Section 88 of the Inland Revenue Ordinance.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018

7. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment HK\$
Cost	
At 31 August 2016, 2017 and 2018	<u>199,257</u>
Accumulated depreciation	
At 31 August 2016, 2017 and 2018	<u>199,257</u>
Net carrying amount	
At 31 August 2018	<u><u>-</u></u>
At 31 August 2017	<u><u>-</u></u>

The Hongkong Bank Foundation had generously sponsored the purchase of laptops and printers for the Summerbridge Summer Program and School Year Program. The laptops and printers are used by our teachers and students for a variety of tasks, such as teaching activities, lesson planning and preparation, student assessment and administrative work.

SUMMERBRIDGE HONG KONG LIMITED

(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2018

8. OPERATING LEASE ARRANGEMENTS

	2018 HK\$	2017 HK\$
Minimum lease payments paid under an operating lease	<u>264,000</u>	<u>262,000</u>

At the end of reporting period, the Company had outstanding minimum commitments under a non-cancellable operating lease, which fall due as follows:-

	2018 HK\$	2017 HK\$
Within one year	44,000	264,000
In the second to fifth years inclusive	<u>-</u>	<u>44,000</u>
	<u>44,000</u>	<u>308,000</u>

Operating lease payments represent rentals payable by the Company on its office. The lease is negotiated for a term of two years at fixed rental.

9. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide funding to carry out its principal activity. The Company's overall strategy remains unchanged from prior year. The source of capital of the Company is its accumulated surplus.

SUMMERBRIDGE HONG KONG LIMITED

(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2018

10. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The main risks arising from the Company's financial instruments in the normal course of the Company's business are credit risk, liquidity risk, interest rate risk and currency risk. These risks are limited by the Company's financial management policies and practices described below.

(i) Credit risk

The Company has no significant concentrations of credit risk. The carrying amount of the cash at bank included in the statement of financial position represents the maximum exposure to credit risk in relation to the financial assets.

(ii) Liquidity risk

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

All the Company's financial liabilities are less than one year at the end of reporting period.

(iii) Interest rate risk

Interest bearing financial assets are mainly bank balances which are all short-term in nature. Therefore, any future variations in interest rates may impact on the income and operating cash flows of the Company.

(iv) Currency risk

The Company is exposed to currency risk primarily through holding of bank balances denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars. Considering that the exchange rate between Hong Kong dollars and United States dollars is pegged, the Company believes its exposure to exchange rate risk is normal.

(b) Fair value estimation

The fair values of the Company's financial instruments are not materially different from their carrying amounts.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018

11. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Company's financial assets and financial liabilities as recognised at 31 August 2018 and 2017 may be categorised as follows:

	2018 HK\$	2017 HK\$
Financial assets		
Loans and receivables (including cash at bank and in hand)	<u>6,103,708</u>	<u>6,767,036</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>3,641</u>	<u>48,987</u>

12. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Executive Committee on **20 MAY 2019**.