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 104 to 150, which comprise the consolidated and the Board's statements of financial position as at 31 March 2023, 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 2023 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.

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

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.

The members of the Board are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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.

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

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

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

15 August 2023

Consolidated statement of comprehensive income

for the year ended 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
Principal source of income	3(a)		
Government subvention for the year		**1,018,195,817**	701,201,934
Other revenues			
Interest income		**25,767,263**	4,325,101
Sponsorships		**7,520,000**	-
Subscription fees		**2,204,450**	-
Sundry income		**569,238**	813,997
		36,060,951	5,139,098
Total income	3(b)	**1,054,256,768**	706,341,032
Promotional, advertising and literature expenses		**530,592,611**	239,725,837
Research and product development		**4,713,187**	1,271,141
Local services and events		**173,316,835**	92,256,854
Staff costs	5	**282,849,525**	278,920,862
Rent, rates and management fees		**3,693,694**	4,465,216
Depreciation	7(a)	**22,235,597**	24,005,593
Auditor's remuneration		**386,975**	375,590
Other operating expenses		**28,667,693**	27,994,219
Loss on disposal of property, plant and equipment		**10,948**	58,505
Total expenditure		**1,046,467,065**	669,073,817
Surplus before tax for the year	5	**7,789,703**	37,267,215
Income tax	4	**(67,703)**	(26,842)
Surplus and total comprehensive income for the year		**7,722,000**	37,240,373

The notes on pages 114 to 150 form part of these financial statements.

Consolidated statement of financial position

as at 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
Non-current assets			
Property, plant and equipment	7(a)	**37,815,728**	48,002,410
Deferred tax assets	13(b)	**301,104**	231,545
		38,116,832	48,233,955
Current assets			
Debtors, deposits and payments in advance	9	**32,165,007**	21,274,521
Deposits with banks and financial institutions	10(a)	**1,056,754,782**	1,394,862,856
Cash at banks and in hand	10(a)	**10,125,482**	9,561,185
Tax refundable	13(a)	**-**	16,547
		1,099,045,271	1,425,715,109
Current liabilities			
Receipts in advance	12(a)	**104,881,440**	140,055,848
Amount payable to the Government	12(b)	**371,009,431**	777,221,066
Accounts payable and accruals	11	**291,332,698**	185,303,883
Lease liabilities		**9,226,437**	12,212,221
Current taxation	13(a)	**99,116**	-
		776,549,122	1,114,793,018

The notes on pages 114 to 150 form part of these financial statements.

Consolidated statement of financial position (continued)

as at 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
Net current assets		**322,496,149**	310,922,091
Non-current liabilities			
Lease liabilities		**15,155,731**	21,420,796
NET ASSETS		**345,457,250**	337,735,250
Represented by:			
RESERVE			
General Fund	15	**345,457,250**	337,735,250

Approved and authorised for issue on 15 August 2023

Dane Cheng
Executive Director

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

The notes on pages 114 to 150 form part of these financial statements.

Statement of financial position

as at 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
Non-current assets			
Property, plant and equipment	7(b)	**35,150,048**	47,255,746
Interests in a subsidiary	8	**551,876**	551,876
		35,701,924	47,807,622
Current assets			
Debtors, deposits and payments in advance	9	**31,770,798**	21,011,894
Deposits with banks and financial institutions	10(a)	**1,056,754,782**	1,394,862,856
Cash at banks and in hand	10(a)	**9,641,861**	9,536,189
		1,098,167,441	1,425,410,939
Current liabilities			
Amount due to a subsidiary	8	**3,912,052**	1,773,084
Receipts in advance	12(a)	**104,881,440**	140,055,848
Amount payable to the Government	12(b)	**371,009,431**	777,221,066
Accounts payable and accruals	11	**286,660,418**	183,473,012
Lease liabilities		**8,417,584**	11,559,152
		774,880,925	1,114,082,162
Net current assets		**323,286,516**	311,328,777
Non-current liabilities			
Lease liabilities		**13,553,073**	21,420,796
NET ASSETS		**345,435,367**	337,715,603
Represented by:			
RESERVE			
General Fund	15	**345,435,367**	337,715,603

Approved and authorised for issue on 15 August 2023

Dane Cheng
Executive Director

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

The notes on pages 114 to 150 form part of these financial statements.

Consolidated statement of changes in reserves

for the year ended 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
General fund at the beginning of the year		**337,735,250**	300,494,877
Surplus and total comprehensive income for the year		**7,722,000**	37,240,373
General fund at the end of the year	15	**345,457,250**	337,735,250

The notes on pages 114 to 150 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
Operating activities			
Surplus before tax for the year		**7,789,703**	37,267,215
Adjustments for:			
Interest income		**(25,767,263)**	(4,325,101)
Interest expense on lease liabilities	10(b)	**276,120**	344,369
Depreciation	7(a)	**22,235,597**	24,005,593
Loss on disposal of property, plant and equipment		**10,948**	58,505
COVID-19-related rent concessions received	7(c)	**(813,456)**	(970,610)
Exchange adjustments on lease liabilities	10(b)	**(1,400,907)**	(3,640,469)
Operating surplus before changes in working capital		**2,330,742**	52,739,502
Increase in debtors, deposits and payments in advance		**(3,340,207)**	(4,248,951)
Increase in receipts in advance, accounts payable and accruals		**70,854,407**	27,219,997
(Decrease)/increase in amount payable to the Government		**(406,211,635)**	78,257,959
Cash (used in)/generated from operations		**(336,366,693)**	153,968,507
Overseas tax paid		**(21,599)**	(60,607)
Net cash (used in)/generated from operating activities		**(336,388,292)**	153,907,900
Investing activities			
Interest received		**18,216,984**	6,984,983
Purchase of property, plant and equipment		**(5,290,355)**	(3,430,662)
Proceeds from disposal of property, plant and equipment		**-**	22
(Increase)/decrease in deposits with banks with maturity of more than 3 months		**(246,160,881)**	83,953,154
Net cash (used in)/generated from investing activities		**(233,234,252)**	87,507,497

The notes on pages 114 to 150 form part of these financial statements.

Consolidated statement of cash flows (continued)

for the year ended 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
Financing activities			
Capital element of lease rentals paid	10(b)	**(13,805,994)**	(13,774,159)
Interest element of lease rentals paid	10(b)	**(276,120)**	(344,369)
Net cash used in financing activities		**(14,082,114)**	(14,118,528)
Net (decrease)/increase in cash and cash equivalents		**(583,704,658)**	227,296,869
Cash and cash equivalents at the beginning of the year	10(a)	**728,147,925**	500,851,056
Cash and cash equivalents at the end of the year	10(a)	**144,443,267**	728,147,925

The notes on pages 114 to 150 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"). Significant accounting policies adopted by the Board and its subsidiary (together "the Group") are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 18).

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. Films, publicity and advertising materials

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

d. 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(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

e. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(k)).

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 property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of comprehensive income on the date of retirement or disposal.

2 Significant accounting policies (continued)

f. Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment, 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
- Properties leased for own use	Unexpired term of lease
- Owned motor vehicles	4 years
- Motor vehicles leased for own use	Unexpired term of lease
- 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.

g. 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.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost using the effective interest method and including an allowance for credit losses as determined below:

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 consolidated statement of comprehensive income. 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 debtor 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.

2 Significant accounting policies (continued)

h. 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 invoice amounts.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(m)). 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(g)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(m)).

i. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitor that are held for meeting short-term cash commitments, 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 from the date of acquisition.

j. Provisions, contingent liabilities and onerous contracts

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.

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

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

2 Significant accounting policies (continued)

k. Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment 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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

An impairment loss is recognised in consolidated statement of comprehensive income 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 consolidated statement of comprehensive income in the year in which the reversals are recognised.

l. 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 consolidated statement of comprehensive income 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)

m. 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 is determined with regard to the needs of the Board as presented in its annual business plan of budget to finance the general activities of the Group and is recognised as revenue in the consolidated statement of comprehensive income during the year it becomes receivable. Unutilised balance is presented as a liability ("Amount payable to the Government").
ii. Government subvention to finance Meetings, Incentives, Conventions and Exhibitions ("MICE") bidding activities of the Group is recognised as revenue as and when the related expenditure is incurred during the year, with any unutilised balance presented as a liability.
iii. Subscription fees are recognised on a time-apportioned basis.
iv. Interest income is recognised as it accrues using the effective interest method.
v. Sponsorship income for the events are recognised upon the completion date of the respective events.
vi. Promotion and advertising income are accounted for on the accrual basis.

n. 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 consolidated statement of comprehensive income.

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)

o. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(e)).

2 Significant accounting policies (continued)

o. Leases (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated and the Board's statements of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

p. 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 defined contribution staff retirement schemes for the Hong Kong office and certain overseas offices. Contributions made under the schemes applicable to each year are charged to the consolidated statement of comprehensive income for the year.
iii. Contributions to Mandatory Provident Fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in the consolidated statement of comprehensive income as incurred.
iv. 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)

q. 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"). The total income during the year is analysed as follows:

	2023	2022
Revenue from other sources		
Government subvention for the year	**1,018,195,817**	701,201,934
Interest income	**25,767,263**	4,325,101
Revenue from contracts with customers within the scope of HKFRS 15	**10,293,688**	813,997
	1,054,256,768	706,341,032

b. As at 31 March 2023, 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 in the consolidated statement of comprehensive income

a. Income tax in the consolidated statement of comprehensive income represents:

	2023	2022
Current tax - Overseas		
Provision for the year	**137,262**	21,960
Deferred tax		
Origination and reversal of temporary differences	**(69,559)**	4,882
	67,703	26,842

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 (2022: 20%).

b. Reconciliation between tax expense charged to the consolidated statement of comprehensive income and accounting profit at applicable tax rate:

	2023	2022
Surplus before tax for the year	**7,789,703**	37,267,215
Notional tax on surplus before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**1,293,027**	6,156,641
Tax effect of non-deductible expenses	**172,724,867**	112,008,776
Tax effect of non-taxable income	**(173,950,191)**	(118,138,575)
Actual tax expense	**67,703**	26,842

5 Surplus before tax for the year

The Group

Staff Costs

	2023	2022
Contributions to defined contribution retirement plan	**13,084,926**	10,614,203
Salaries and other benefits	**269,764,599**	268,306,659
	282,849,525	278,920,862

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:

	2023		
	Executive Director	Other senior executives	Total
Basic salaries	**5,388,960**	**24,671,856**	**30,060,816**
Discretionary performance pay	**795,981**	**1,865,438**	**2,661,419**
Retirement benefit expenses, contract gratuities and other allowances	**811,510**	**5,419,450**	**6,230,960**
	6,996,451	**31,956,744**	**38,953,195**

	2022		
	Executive Director	Other senior executives	Total
Basic salaries	5,181,600	26,382,772	31,564,372
Discretionary performance pay	765,353	2,328,629	3,093,982
Retirement benefit expenses, contract gratuities and other allowances	781,960	6,991,770	7,773,730
	6,728,913	35,703,171	42,432,084

6 Senior executives' pay and allowances (continued)

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:

	Note	2023 No. of senior executive positions	2022 No. of senior executive positions
Pay ranges			
1 - $0 to $500,000	(a)	**-**	1
2 - $500,001 to $1,000,000		**-**	-
3 - $1,000,001 to $1,500,000		**-**	-
4 - $1,500,001 to $2,000,000	(b) - (d)	**3**	2
5 - $2,000,001 to $2,500,000	(b) - (g)	**5**	5
6 - $2,500,001 to $3,000,000	(g)	**1**	-
7 - $3,000,001 to $3,500,000	(e) - (f)	**1**	3
8 - $3,500,001 to $4,000,000		**-**	-
9 - $4,000,001 to $4,500,000		**1**	1
10 - $4,500,001 to $5,000,000		**-**	-
11 - $5,000,001 to $5,500,000		**-**	-
12 - $5,500,001 to $6,000,000	(h)	**-**	1
13 - $6,000,001 to $6,500,000	(h)	**1**	-
		12	13

(a) One senior executive position at Pay range 1 was removed due to the position being vacant for the full year of 2022/23.

(b) One senior executive position moved from Pay range 5 to Pay range 4 due to the position being vacant in the middle of 2022/23.

(c) One senior executive position moved from Pay range 5 to Pay range 4 due to the exchange rate impact.

(d) One senior executive position moved from Pay range 4 to Pay range 5 due to the full year impact in 2022/23.

(e) One senior executive position moved from Pay range 7 to Pay range 5 due to change of job holder in 2022/23.

(f) One senior executive position moved from Pay range 7 to Pay range 5 due to the position being vacant in late of 2022/23.

(g) One senior executive position moved from Pay range 5 to Pay range 6 due to salary adjustment.

(h) One senior executive position moved from Pay range 12 to Pay range 13 due to salary adjustment.

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 $795,981 for the year ended 31 March 2023 (2022: $765,353).

The remuneration of other senior executive positions for the year ended 31 March 2023 represents compensation for the Deputy Executive Director, seven General Manager positions (2022: seven General Manager positions) and three Regional Director positions (2022: four Regional Director positions).

7 Property, plant and equipment

a. The Group

	Leasehold properties	Leasehold improvements	Properties leased for own use	Motor vehicles	Furniture, fixtures and other equipment	Computer hardware, software and system development	Work in progress	Total
Cost:								
At 1 April 2022	252,855,009	22,012,808	72,029,971	745,459	14,467,462	32,573,497	3,289,371	397,973,577
Additions	-	692,592	6,436,879	332,629	257,336	4,265,485	74,942	12,059,863
Disposals	-	-	-	-	(736,068)	(1,338,514)	-	(2,074,582)
Transfer	-	1,764,977	-	-	-	650,297	(2,415,274)	-
At 31 March 2023	252,855,009	24,470,377	78,466,850	1,078,088	13,988,730	36,150,765	949,039	407,958,858
Accumulated depreciation:								
At 1 April 2022	252,855,009	16,203,458	38,856,546	687,257	12,896,773	28,472,124	-	349,971,167
Charge for the year	-	2,477,478	15,188,163	134,009	843,286	3,592,661	-	22,235,597
Disposals	-	-	-	-	(725,120)	(1,338,514)	-	(2,063,634)
At 31 March 2023	252,855,009	18,680,936	54,044,709	821,266	13,014,939	30,726,271	-	370,143,130
Net book value:								
At 31 March 2023	-	5,789,441	24,422,141	256,822	973,791	5,424,494	949,039	37,815,728

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

7 Property, plant and equipment (continued)

a. The Group (continued)

	Leasehold properties	Leasehold improvements	Properties leased for own use	Motor vehicles	Furniture, fixtures and other equipment	Computer hardware, software and system development	Work in progress	Total
Cost:								
At 1 April 2021	252,855,009	18,896,175	60,276,422	745,459	14,671,522	33,610,511	4,677,257	385,732,355
Additions	-	774,587	16,591,809	-	402,060	993,747	1,176,925	19,939,128
Disposals	-	(8,021)	(4,838,260)	-	(820,864)	(2,030,761)	-	(7,697,906)
Transfer	-	2,350,067	-	-	214,744	-	(2,564,811)	-
At 31 March 2022	252,855,009	22,012,808	72,029,971	745,459	14,467,462	32,573,497	3,289,371	397,973,577
Accumulated depreciation:								
At 1 April 2021	252,855,009	13,860,659	27,624,814	483,267	12,308,593	26,472,611	-	333,604,953
Charge for the year	-	2,342,820	16,069,992	203,990	1,375,065	4,013,726	-	24,005,593
Disposals	-	(21)	(4,838,260)	-	(786,885)	(2,014,213)	-	(7,639,379)
At 31 March 2022	252,855,009	16,203,458	38,856,546	687,257	12,896,773	28,472,124	-	349,971,167
Net book value:								
At 31 March 2022	-	5,809,350	33,173,425	58,202	1,570,689	4,101,373	3,289,371	48,002,410

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

7 Property, plant and equipment (continued)

b. The Board

	Leasehold properties	Leasehold improvements	Properties leased for own use	Motor vehicles	Furniture, fixtures and other equipment	Computer hardware, software and system development	Work in progress	Total
Cost:								
At 1 April 2022	252,855,009	22,012,808	68,925,096	745,459	14,389,712	32,569,998	3,289,371	394,787,453
Additions	-	622,420	3,768,644	332,629	245,225	4,246,904	74,942	9,290,764
Disposals	-	-	-	-	(736,066)	(1,338,514)	-	(2,074,580)
Transfer	-	1,764,977	-	-	-	650,297	(2,415,274)	-
At 31 March 2023	252,855,009	24,400,205	72,693,740	1,078,088	13,898,871	36,128,685	949,039	402,003,637
Accumulated depreciation:								
At 1 April 2022	252,855,009	16,203,458	36,473,501	687,257	12,843,857	28,468,625	-	347,531,707
Charge for the year	-	2,475,139	14,355,156	134,009	829,581	3,591,629	-	21,385,514
Disposals	-	-	-	-	(725,118)	(1,338,514)	-	(2,063,632)
At 31 March 2023	252,855,009	18,678,597	50,828,657	821,266	12,948,320	30,721,740	-	366,853,589
Net book value:								
At 31 March 2023	-	5,721,608	21,865,083	256,822	950,551	5,406,945	949,039	35,150,048

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

7 Property, plant and equipment (continued)

b. The Board (continued)

	Leasehold properties	Leasehold improvements	Properties leased for own use	Motor vehicles	Furniture, fixtures and other equipment	Computer hardware, software and system development	Work in progress	Total
Cost:								
At 1 April 2021	252,855,009	18,896,175	57,254,647	745,459	14,593,284	33,599,744	4,677,257	382,621,575
Additions	-	774,587	16,508,709	-	395,265	993,747	1,176,925	19,849,233
Disposals	-	(8,021)	(4,838,260)	-	(813,581)	(2,023,493)	-	(7,683,355)
Transfer	-	2,350,067	-	-	214,744	-	(2,564,811)	-
At 31 March 2022	252,855,009	22,012,808	68,925,096	745,459	14,389,712	32,569,998	3,289,371	394,787,453
Accumulated depreciation:								
At 1 April 2021	252,855,009	13,860,659	26,063,922	483,267	12,259,314	26,461,844	-	331,984,015
Charge for the year	-	2,342,820	15,247,839	203,990	1,364,145	4,013,726	-	23,172,520
Disposals	-	(21)	(4,838,260)	-	(779,602)	(2,006,945)	-	(7,624,828)
At 31 March 2022	252,855,009	16,203,458	36,473,501	687,257	12,843,857	28,468,625	-	347,531,707
Net book value:								
At 31 March 2022	-	5,809,350	32,451,595	58,202	1,545,855	4,101,373	3,289,371	47,255,746

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

7 Property, plant and equipment (continued)

c. Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

The Group

	Note	2023	2022
Properties leased for own use, carried at depreciated cost	(i)	**24,422,141**	33,173,425
Motor vehicle, carried at depreciated cost	(ii)	**256,822**	29,380
		24,678,963	33,202,805

The Board

	Note	2023	2022
Properties leased for own use, carried at depreciated cost	(i)	**21,865,083**	32,451,595
Motor vehicle, carried at depreciated cost	(ii)	**256,822**	29,380
		22,121,905	32,480,975

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

The Group

	2023	2022
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	**15,188,163**	16,069,992
Motor vehicle	**105,187**	117,519
	15,293,350	16,187,511
Interest on lease liabilities	**276,120**	344,369
Expense relating to short-term leases	**472,917**	438,698
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**380,602**	378,376
COVID-19-related rent concessions received	**813,456**	970,610

7 Property, plant and equipment (continued)

c. Right-of-use assets (continued)

During the year, additions to right-of-use assets were $6,769,508 (2022: $16,508,709), primarily related to the increase in renewal of existing leases.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 10(c) and 16(b) respectively.

i. Properties leased for own use

The Group has obtained the right to use properties as its offices, visitor centres and storage rooms through tenancy agreements. The leases typically run for an initial period of 2 to 10 years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

ii. Motor vehicle

The Group leases a motor vehicle under a lease for a period of 3 years. The lease does not include variable lease payments.

d. On 17 January 2023, the Board approved the head office renovation project, covering fitting-out works, peripheral estimated contingency fees, as well as short-term rental expense and moving cost for swing space. The project will be fully funded by the General Fund.

8 Interests in a subsidiary and amount due to a subsidiary

The Board

	2023	2022
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	**3,912,052**	1,773,084

As at 31 March 2023, the Board assessed the interests in the subsidiary and no additional impairment loss was recognised during the year (2022: 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 $42,400 for the year ended 31 March 2023 (2022: $41,200) 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	
	2023	2022	2023	2022
Debtors	**395,244**	930,750	**395,244**	930,750
Other debtors, deposits and payments in advance	**31,769,763**	20,343,771	**31,375,554**	20,081,144
	32,165,007	21,274,521	**31,770,798**	21,011,894

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	
	2023	2022	2023	2022
Australian Dollars	**278,364**	149,324	**278,364**	149,324
Chinese Yuan	**2,086,770**	1,558,412	**2,086,770**	1,558,412
Euros	**612,006**	610,536	**612,006**	610,536
Great British Pounds	**1,178,027**	1,168,962	**1,178,027**	1,168,962
Japanese Yen	**1,490,553**	1,580,030	**1,490,553**	1,580,030
Korean Won	**141,750**	218,168	**141,750**	218,168
New Taiwan Dollars	**430,437**	315,456	**-**	-
United States Dollars	**2,506,732**	2,446,050	**2,506,732**	2,446,050

The gross amount of debtors, deposits and payments in advance at 31 March 2023 that is expected to be recovered after more than one year for the Group is $4,586,832 and the Board is $4,376,933 (2022: the Group is $3,262,552 and the Board is $3,262,552).

Further details on the Group's credit policy are set out in note 16(a).

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(g)).

At 31 March 2023, no loss allowance (2022: Nil) was recognised for the Group and the Board.

10 Cash and cash equivalents and other cash flow information

a. Cash and cash equivalents

	The Group		The Board	
	2023	2022	2023	2022
Deposits with banks and financial institutions	**1,056,754,782**	1,394,862,856	**1,056,754,782**	1,394,862,856
Cash at banks and in hand	**10,125,482**	9,561,185	**9,641,861**	9,536,189
Cash and cash equivalents in the statement of financial position	**1,066,880,264**	1,404,424,041	**1,066,396,643**	1,404,399,045
Less: Deposits with banks and financial institutions with maturity of more than three months from the date of acquisition	**(922,436,997)**	(676,276,116)		
Cash and cash equivalents in the consolidated statement of cash flows	**144,443,267**	728,147,925		

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	
	2023	2022	2023	2022
Australian Dollars	**192,688**	774,718	**192,688**	774,718
Canadian Dollars	**422,693**	296,712	**422,693**	296,712
Chinese Yuan	**344,216**	529,115	**344,216**	529,115
Euros	**164,966**	98,852	**164,966**	98,852
Great British Pounds	**68,607**	98,461	**68,607**	98,461
Japanese Yen	**48,202**	18,920	**48,202**	18,920
Korean Won	**3,155**	190,436	**3,155**	190,436
New Taiwan Dollars	**39,346**	14,195	**-**	-
Singapore Dollars	**3,784,406**	444,711	**3,784,406**	444,711
United States Dollars	**1,618,703**	2,637,384	**1,618,703**	2,637,384

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 3.1% to 5.7% (2022: the Group and the Board ranging from 0.1% to 1.1%).

10 Cash and cash equivalents and other cash flow information (continued)

b. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Note	Lease liabilities
At 1 April 2021		35,509,546
Changes from financing cash flows:		
Capital element of lease rentals paid		(13,774,159)
Interest element of lease rentals paid		(344,369)
Total changes from financing cash flows		(14,118,528)
Exchange adjustments		(3,640,469)
Other changes:		
Increase in lease liabilities from entering into new leases during the period		16,508,709
COVID-19-related rent concessions received	7(c)	(970,610)
Interest expenses		344,369
Total other changes		15,882,468
At 31 March 2022 and 1 April 2022		33,633,017
Changes from financing cash flows:		
Capital element of lease rentals paid		**(13,805,994)**
Interest element of lease rentals paid		**(276,120)**
Total changes from financing cash flows		**(14,082,114)**
Exchange adjustments		**(1,400,907)**
Other changes:		
Increase in lease liabilities from entering into new leases during the period		**6,769,508**
COVID-19-related rent concessions received	7(c)	**(813,456)**
Interest expenses		**276,120**
Total other changes		**6,232,172**
At 31 March 2023		**24,382,168**

10 Cash and cash equivalents and other cash flow information (continued)

c. Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2023	2022
Within operating cash flows	**853,519**	817,074
Within financing cash flows	**14,082,114**	14,118,528
	14,935,633	14,935,602

11 Accounts payable and accruals

	The Group		The Board	
	2023	2022	2023	2022
Accounts payable and accruals	**243,101,301**	137,738,341	**240,439,310**	137,369,239
Other payables and sundry creditors	**48,231,397**	47,565,542	**46,221,108**	46,103,773
	291,332,698	185,303,883	**286,660,418**	183,473,012

11 Accounts payable and accruals (continued)

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	
	2023	2022	2023	2022
Australian Dollars	**4,337,911**	2,920,392	**4,337,911**	2,920,392
Canadian Dollars	**2,821,226**	1,528,072	**2,821,226**	1,528,072
Chinese Yuan	**18,351,980**	10,686,060	**18,351,980**	10,686,060
Euros	**3,655,628**	2,633,013	**3,655,628**	2,633,013
Great British Pounds	**3,005,387**	2,316,482	**3,005,387**	2,316,482
Japanese Yen	**9,868,892**	5,216,696	**9,868,892**	5,216,696
Korean Won	**7,142,455**	3,894,897	**7,142,455**	3,894,897
Malaysian Ringgit	**2,210,812**	172,155	**2,210,812**	172,155
New Taiwan Dollars	**4,672,279**	1,830,871	**-**	-
Singapore Dollars	**5,752,084**	3,974,296	**5,752,084**	3,974,296
United States Dollars	**13,429,158**	11,845,290	**13,429,158**	11,845,290

The gross amount of accounts payable and accruals at 31 March 2023 that is expected to be settled after more than one year for the Group is $7,784,985 and the Board is $7,706,385 (2022: the Group is $7,618,606 and the Board is $7,618,606).

12 Receipts in advance and amount payable to the Government

a. Receipts in advance

The balance as at 31 March 2023 mainly represents government subvention received in advance.

b. Amount payable to the Government

The balance represents unutilised 2022/23 Government subvention, which will be returned to the Government on demand.

13 Income tax in the consolidated statement of financial position

a. Current tax in the consolidated statement of financial position represents:

	2023	2022
Provision for overseas tax for the year	**137,262**	21,960
Provisional tax paid for the year	**(22,495)**	(38,507)
	114,767	(16,547)
Balance of Profits Tax provision relating to prior years	**(15,651)**	-
	99,116	(16,547)

b. Deferred tax assets recognised:

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Provision
Deferred tax assets arising from:	
At 1 April 2021	236,427
Charged to profit or loss	(4,882)
At 31 March 2022 and 1 April 2022	231,545
Credited to profit or loss	**69,559**
At 31 March 2023	**301,104**

14 Employee retirement benefits

The Group and the Board

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, joined a pooled defined contribution retirement plan effective from 1 January 2019. Under the Choice Plan, the employer is required to make 8% - 12% (2022: 8% - 12%) 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.

In June 2022, the Government gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment"). In April 2023, the Government announced the Amendment will take effect on 1 May 2025 (the "Transition Date"). The Amendment results in:

(a) Change in the offsetting arrangement, such that the accrued benefits attributable to the employers' mandatory contributions under the Mandatory Provident Fund and certain employers' contributions under the Occupational Retirement Schemes would no longer be eligible to offset against the severance payment and long service payment accrued from the Transition Date; and

(b) Change of the calculation basis of last monthly wages for the portion of the long service payment accrued before the Transition Date.

15 Reserve

	The Group		The Board	
	2023	2022	2023	2022
General fund at the beginning of the year	**337,735,250**	300,494,877	**337,715,603**	300,476,969
Surplus and total comprehensive income for the year	**7,722,000**	37,240,373	**7,719,764**	37,238,634
General fund at the end of the year	**345,457,250**	337,735,250	**345,435,367**	337,715,603

General Fund

The General Fund represents the Group's and the Board's unspent subvention in the form of reserves for meeting operational contingencies.

Based on the understanding between the Government and the Board, the total amount of the General Fund at the end of a financial year shall not exceed 25% of its annual subvention in the following financial year.

16 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.

16 Financial risk management (continued)

b. Liquidity risk (continued)

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:

The Group

		2023 Contractual undiscounted cashflow				
	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	**104,881,440**	**104,881,440**	**104,881,440**	**-**	**-**	**-**
Amount payable to the Government	**371,009,431**	**371,009,431**	**371,009,431**	**-**	**-**	**-**
Accounts payable and accruals	**291,332,698**	**291,332,698**	**283,547,713**	**3,067,443**	**1,858,215**	**2,859,327**
Lease liabilities	**24,382,168**	**24,885,730**	**9,449,987**	**5,957,754**	**7,551,729**	**1,926,260**
	791,605,737	**792,109,299**	**768,888,571**	**9,025,197**	**9,409,944**	**4,785,587**

		2022 Contractual undiscounted cashflow				
	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	140,055,848	140,055,848	140,055,848	-	-	-
Amount payable to the Government	777,221,066	777,221,066	777,221,066	-	-	-
Accounts payable and accruals	185,303,883	185,303,883	177,685,277	2,587,008	2,103,575	2,928,023
Lease liabilities	33,633,017	34,221,451	12,441,267	8,707,937	9,899,693	3,172,554
	1,136,213,814	1,136,802,248	1,107,403,458	11,294,945	12,003,268	6,100,577

16 Financial risk management (continued)

The Board

		2023 Contractual undiscounted cashflow				
	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	**104,881,440**	**104,881,440**	**104,881,440**	**-**	**-**	**-**
Amount payable to the Government	**371,009,431**	**371,009,431**	**371,009,431**	**-**	**-**	**-**
Accounts payable and accruals	**286,660,418**	**286,660,418**	**278,954,033**	**3,067,443**	**1,779,615**	**2,859,327**
Lease liabilities	**21,970,657**	**22,383,528**	**8,579,656**	**5,087,423**	**6,790,189**	**1,926,260**
	784,521,946	**784,934,817**	**763,424,560**	**8,154,866**	**8,569,804**	**4,785,587**

		2022 Contractual undiscounted cashflow				
	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	140,055,848	140,055,848	140,055,848	-	-	-
Amount payable to the Government	777,221,066	777,221,066	777,221,066	-	-	-
Accounts payable and accruals	183,473,012	183,473,012	175,854,406	2,587,008	2,103,575	2,928,023
Lease liabilities	32,979,948	33,568,382	11,788,199	8,707,937	9,899,692	3,172,554
	1,133,729,874	1,134,318,308	1,104,919,519	11,294,945	12,003,267	6,100,577

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.

16 Financial risk management (continued)

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"), Australian Dollars, Canadian Dollars, Chinese Yuan, Euros, Great British Pounds, Japanese Yen, Singapore Dollars, Malaysian Ringgit, 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.

	2023		2022	
	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%** **(5)%**	**(234,481)** **234,481**	5% (5)%	(177,211) 177,211
Canadian Dollars	**5%** **(5)%**	**(160,711)** **160,711**	5% (5)%	(66,823) 66,823
Chinese Yuan	**5%** **(5)%**	**(999,179)** **999,179**	5% (5)%	(828,960) 828,960
Euros	**5%** **(5)%**	**(287,501)** **287,501**	5% (5)%	(262,344) 262,344
Great British Pounds	**5%** **(5)%**	**(198,091)** **198,091**	5% (5)%	(234,200) 234,200
Japanese Yen	**5%** **(5)%**	**(523,550)** **523,550**	5% (5)%	(334,783) 334,783
Korean Won	**5%** **(5)%**	**(349,878)** **349,878**	5% (5)%	(189,040) 189,040
Malaysian Ringgit	**5%** **(5)%**	**(110,541)** **110,541**	5% (5)%	(8,608) 8,608
New Taiwan Dollars	**5%** **(5)%**	**(330,699)** **330,699**	5% (5)%	(107,714) 107,714
Singapore Dollars	**5%** **(5)%**	**(104,011)** **104,011**	5% (5)%	(265,313) 265,313

16 Financial risk management (continued)

d. Foreign currency risk (continued)

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 2022.

e. Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2023 and 2022.

17 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.

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

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

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far, the Group considers that the adoption of them is unlikely to have a significant impact on the Group's financial statements.

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