

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND REPORT
FOR THE PERIOD FROM 1 APRIL 2019 TO 31 MARCH 2020

THIS Report is submitted in accordance with Section 9E(3) of the Agricultural Products (Marketing) Ordinance, Cap. 277.

2. The Agricultural Products Scholarship Fund (the Fund) was established on 17 February 1978 under Section 9A of the Agricultural Products (Marketing) Ordinance for the purpose of providing scholarships, grants and loans for the education and training of persons (including their families and dependants), who are employed in agriculture or agricultural product marketing industries in Hong Kong; and persons who wish to enter the agriculture or agricultural product marketing industries in Hong Kong. The Fund was first created with an allocation of \$1 million from the Vegetable Marketing Organization's accumulated surplus and it may be increased by way of interest, and by moneys and assets donated, subscribed or bequeathed to the Fund. The capital of the Fund was increased to \$2 million in 1987-88 by the injection of an additional \$1 million from the Vegetable Marketing Organization. During the years 1989-90, 1992-93 and 1994-95, the Vegetable Marketing Organization further injected an additional \$2 million in each of the respective years into the Fund, thereby increasing its capital to \$8 million.

3. The Fund is administered by its Trustee (the Director of Marketing) on the advice of the Agricultural Products Scholarship Fund Advisory Committee which comprises the Trustee (as ex-officio Chairman), four members appointed by the Chief Executive and three members elected amongst members of the Marketing Advisory Board.

Income and Expenditure

4. In the financial year 2019-20, aggregate income including interest income on bank deposits was \$121,249 whilst the total expenditure amounted to \$632,060. The deficit for the year was \$510,811.

Awards of Scholarships, Grants and Loans

5. During 2019-20, a total of \$594,500 was awarded to 19 students studying various courses at local and overseas universities, and to 2 students pursuing senior secondary school education locally. Of this, \$585,500 was awarded as scholarships and \$9,000 as grants. No loans were issued during the year.

Financial Statements

6. The financial statements of the Fund have been audited by an auditor appointed by the Chief Executive. The audited financial statements together with the Auditor's Report for the financial year 2019-20 are attached.

LEUNG Siu-fai

Director of Marketing

Trustee, AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

Encl.

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE AGRICULTURAL PRODUCTS SCHOLARSHIP FUND
(Established under the Agricultural Products (Marketing) Ordinance, Chapter 277)

Opinion

What we have audited

The financial statements of Agricultural Products Scholarship Fund (the "Fund") set out on pages 4 to 14, which comprise:

- the balance sheet as at 31 March 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE AGRICULTURAL PRODUCTS SCHOLARSHIP FUND
(CONTINUED)**

(Established under the Agricultural Products (Marketing) Ordinance, Chapter 277)

Responsibilities of Trustee for the Financial Statements

The Agricultural Products (Marketing) Ordinance, Chapter 277, requires the Trustee to keep proper accounts. The Trustee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Trustee 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 Trustee is responsible for assessing the Fund'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 Trustee either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund'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. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE AGRICULTURAL PRODUCTS SCHOLARSHIP FUND
(CONTINUED)**
(Established under the Agricultural Products (Marketing) Ordinance, Chapter 277)

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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee'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 Fund'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 Fund 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 Trustee 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.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 AUG 2020

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

(All amounts in Hong Kong dollars unless otherwise stated)

BALANCE SHEET

	Note	<u>As at 31 March</u>	
		2020	2019
ASSETS			
Current assets			
Other receivables		48,380	18,691
Bank deposits with original maturities over three months	6	4,770,000	5,330,000
Cash and cash equivalents	6	69,562	49,912
Total assets		<u>4,887,942</u>	<u>5,398,603</u>
FUNDS			
Capital allocated by the Vegetable Marketing Organization		8,000,000	8,000,000
Accumulated deficit		(3,149,558)	(2,638,747)
Total funds		<u>4,850,442</u>	<u>5,361,253</u>
LIABILITIES			
Current and total liabilities			
Accruals		37,500	37,350
Total funds and liabilities		<u>4,887,942</u>	<u>5,398,603</u>

The above balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 4 to 14 were approved by the Trustee on **10 AUG 2020**



Trustee

Hong Kong

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND
(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

	<u>Year ended 31 March</u>	
	2020	2019
Income		
Interest income on bank deposits	118,899	84,122
Sundry income	2,350	2,106
	<u>121,249</u>	<u>86,228</u>
Expenditure		
Auditor's remuneration	(36,000)	(35,000)
Scholarships	(585,500)	(380,000)
Grants	(9,000)	(10,795)
Bank charges	(1,560)	(2,410)
	<u>(632,060)</u>	<u>(428,205)</u>
Deficit for the year	(510,811)	(341,977)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(510,811)</u>	<u>(341,977)</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CHANGES IN FUNDS

	Capital allocated by the Vegetable Marketing Organization (note)	Accumulated deficit	Total funds
Balance as at 1 April 2018	8,000,000	(2,296,770)	5,703,230
Total comprehensive loss Deficit for the year	-	(341,977)	(341,977)
Balances as at 31 March 2019 and 1 April 2019	8,000,000	(2,638,747)	5,361,253
Total comprehensive loss Deficit for the year	-	(510,811)	(510,811)
Balance as at 31 March 2020	8,000,000	(3,149,558)	4,850,442

Note: The balance represents capital allocated by the Vegetable Marketing Organization to support the operations of the Fund.

The above statement of changes in funds should be read in conjunction with the accompanying notes.

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CASH FLOWS

	Note	<u>Year ended 31 March</u>	
		2020	2019
Net cash used in operating activities	7(a)	<u>(629,560)</u>	<u>(430,586)</u>
Cash flows from investing activities			
Interest received		89,210	77,509
Net withdrawal of bank deposits with original maturities over three months		<u>560,000</u>	<u>358,198</u>
Net cash inflow from investing activities		<u>649,210</u>	<u>435,707</u>
Net increase in cash and cash equivalents		19,650	5,121
Cash and cash equivalents at beginning of the year		<u>49,912</u>	<u>44,791</u>
Cash and cash equivalents at end of the year	6	<u><u>69,562</u></u>	<u><u>49,912</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The financial statements of the Agricultural Products Scholarship Fund (the "Fund") are prepared in accordance with Section 9E(1) of the Agricultural Products (Marketing) Ordinance, Cap. 277. The Fund was established for the following objects:

- (a) the provision of scholarships, grants and loans for the education and training of persons who are employed in agriculture and agricultural product marketing industries in Hong Kong and their families and dependants; and
- (b) the provision of scholarships, grants and loans for the education and training of persons who wish to enter the agriculture and agricultural product marketing industries in Hong Kong.

The address of the Fund is 757 Lai Chi Kok Road, Cheung Sha Wan Wholesale Vegetable Market, Cheung Sha Wan, Kowloon.

These financial statements are presented in Hong Kong dollars unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

- (a) New standards, amendments and interpretation to existing standards (collectively, the "Amendments") adopted by the Fund

The Fund has applied the following new standards, amendments and interpretations to existing standards for the first time for its annual reporting period commencing 1 April 2019:

Annual Improvements Project	Annual Improvements 2015 - 2017 cycle
HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over Income Tax Treatments
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures

The adoption of these Amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

- (b) Amendments that are not yet effective and have not been early adopted by the Fund

Certain Amendments have been published that are mandatory for the Fund's reporting periods beginning on or after 1 April 2020. The following Amendments are relevant and applicable to the Fund; however, they have not been early adopted in these financial statements:

Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹
HKFRS 3	Definition of Business ¹
HKAS 1 and HKAS 8 (Amendments)	Definition of Material ¹
HKFRS 17	Insurance Contracts ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

Note:

- (1) Effective for financial period beginning on 1 April 2020
- (2) Effective for financial period beginning on 1 April 2021
- (3) Effective for financial period beginning on or after a date to be determined

The Fund will adopt the above Amendments as and when they become effective. The Fund has already commenced an assessment of the impact of these Amendments. According to the preliminary assessment made by the Fund, no significant impact on the financial performance and position of the Fund is expected when they become effective.

2.2 Foreign currency translation

- (a) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Fund's functional and presentation currency.

- (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

2.3 Financial assets

- (a) Classification

The Trust classifies its financial assets as those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.3 Financial assets (Continued)

(b) Recognition and derecognition

Regular way purchases and sale of financial assets are recognised on trade-date, the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Trust measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in comprehensive income and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of comprehensive income.

(d) Impairment

The Trust assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impairment on other financial assets is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.4 Receivables

Receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Fund holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

If collection of receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Fund currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Fund has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts, if any.

2.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.8 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the statement of comprehensive income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.9 Sundry income

Sundry income is recognised on an accruals basis.

2.10 Capital allocated by the Vegetable Marketing Organization

The funding is recognised in the statement of comprehensive income as income and then transferred to the "capital allocated by the Vegetable Marketing Organization", which is used to support the operation of the Fund.

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and capital risks management

3.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks factors: foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk. The Fund's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Fund's financial performance.

(a) Foreign exchange risk

Foreign exchange risk arises where future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Fund's functional currency. The Fund is not exposed to material foreign exchange risk as it has no significant transactions which are denominated in foreign currency. In the opinion of the Trustee, the Fund has minimal exposure to the foreign exchange risk as the transactions are mainly denominated in Hong Kong dollars and no sensitivity analysis is performed.

(b) Credit risk

Credit risk includes risks resulting from counterparty default. It arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost and outstanding receivables.

The Fund's financial assets are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial as they are mainly deposited in reputable banks in Hong Kong.

For other financial assets at amortised cost applied the HKFRS 9 general approach to measuring expected credit loss, no loss allowance provision was determined for these financial assets as at 31 March 2020 as the Trustee considered that the expected credit loss was immaterial.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank deposits and bank balances. In the opinion of Trustee, the Fund does not have any significant liquidity risk.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2020 and 2019, the maturity analysis of the financial liabilities is as follows:

	2020	2019
Less than one year		
Accruals	<u>37,500</u>	<u>37,350</u>

(d) Cash flow interest rate risk

Other than the bank deposits, the Fund has no other significant interest-bearing assets and liabilities. The Fund's income and operating cash flows are substantially independent of changes in market interest rates. Accordingly, in the opinion of the Trustee, the exposure to cash flow interest rate risk is considered to be low and no sensitivity analysis is performed.

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial and capital risks management (Continued)

3.2 Fund risk management

The Fund's objectives when managing fund are to safeguard the Fund's ability to continue as a going concern and to have sufficient funding for future operations. The Fund's overall strategy remains unchanged from prior year.

The capital of the Fund comprises its capital allocated by the Vegetable Marketing Organization and accumulated deficit.

3.3 Fair value estimation

Fair value measurement by level of hierarchy is not disclosed as the Fund has no financial instruments measured at fair value on the three level hierarchy basis in the balance sheet.

The carrying value less impairment provision of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments, unless the effect of discounting is insignificant.

3.4 Offsetting financial assets and financial liabilities

No disclosure of the offsetting of financial assets and financial liabilities is made in these financial statements as there is no netting arrangement in place during the year.

4 Critical accounting estimates and judgements

Estimates and judgements used in preparation of the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the Trustee, there are no estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities within the next financial year.

5 Financial instruments by category

The Fund's financial instruments include the following:

	2020	2019
Financial assets at amortised cost		
Other receivables	48,380	18,691
Bank deposits with original maturities over three months	4,770,000	5,330,000
Cash and cash equivalents (Note 6)	69,562	49,912
	<u>4,887,942</u>	<u>5,398,603</u>
Financial liabilities at amortised cost		
Accruals	37,500	37,350

AGRICULTURAL PRODUCTS SCHOLARSHIP FUND
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

6 Bank deposits with original maturity over three months and cash and cash equivalents

	2020	2019
Cash at banks	69,562	49,912
Bank deposits	4,770,000	5,330,000
	<u>4,839,562</u>	<u>5,379,912</u>
Less: Bank deposits with original maturity over three months	(4,770,000)	(5,330,000)
	<u>69,562</u>	<u>49,912</u>
Cash and cash equivalents in the balance sheet	<u>69,562</u>	<u>49,912</u>
Maximum exposure to credit risk	<u>4,839,562</u>	<u>5,379,912</u>

As at 31 March 2020, the effective interest rate on the bank deposits with original maturity over three months is 2.42% (2019: 1.98%); these deposits have an average maturity of 270 days (2019: 179 days).

The carrying amounts of cash and deposits are denominated in Hong Kong dollars.

7 Cash flow information

(a) Cash used in operations

	2020	2019
Deficit for the year	(510,811)	(341,977)
Adjustment for:		
- Interest income on bank deposits	(118,899)	(84,122)
	<u>(629,710)</u>	<u>(426,099)</u>
Change in working capital:		
- Accruals	150	(4,487)
Cash used in operating activities	<u>(629,560)</u>	<u>(430,586)</u>

(b) Reconciliation of liabilities arising from financing activities was not presented as there was no change in liabilities arising from financing activities during the year.