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)

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 65 to 97, which comprise the consolidated and Board statements of financial position as at 31 March 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board members' responsibility for the consolidated financial statements

The members of the Board are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation of the consolidated financial statements that give a true and fair view 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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board members, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Board and of the Group as at 31 March 2013 and of the Group's surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

KPMG
Certified Public Accountants

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

25 July 2013

Consolidated income statement

for the year ended 31 March 2013 (Expressed in Hong Kong dollars)

	Note	2013	2012
General Fund			
Principal source of income	3		
Government subvention for the year		**605,483,420**	571,150,479
Other revenue			
Interest income		**1,295,477**	1,289,773
Realisation of deferred income - office premises	12	**10,000,000**	10,000,000
Sponsorships		**22,794,344**	20,020,640
Promotion and advertising income		**15,890,126**	15,702,507
Sundry income		**22,356,222**	17,901,679
		72,336,169	64,914,599
Other net income			
Gain on disposal of fixed assets		**54,701**	37,586
Total income		**677,874,290**	636,102,664
Promotional, advertising and literature expenses		**311,576,864**	293,028,322
Research and product development		**14,603,002**	12,622,694
Local services and events		**92,959,795**	92,627,408
Staff costs	5	**194,760,120**	171,678,314
Rent, rates and management fees		**15,413,726**	13,624,962
Depreciation	7(a)	**14,184,478**	14,088,382
Auditor's remuneration		**523,446**	483,650
Other operating expenses		**26,725,869**	29,485,969
Total expenditure		**670,747,300**	627,639,701
Surplus before tax for the year		**7,126,990**	8,462,963
Taxation	4(a)	**218,111**	41,676
Surplus after tax for the year		**6,908,879**	8,421,287

The notes on pages 71 to 97 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2013

The Group had no components of comprehensive income other than "surplus after tax for the year" in either of the periods presented. Accordingly, no separate consolidated statement of comprehensive income is presented as the Group's "total comprehensive income" was the same as the "surplus after tax for the year" in both periods.

The notes on pages 71 to 97 form part of these financial statements.

Consolidated statement of financial position

at 31 March 2013 (Expressed in Hong Kong dollars)

	Note	2013	2012
Non-current assets			
Fixed assets	7(a)	**63,606,316**	73,643,208
Defined benefit retirement plan asset	14(a)(i)	**31,023,000**	29,042,000
		94,629,316	102,685,208
Current assets			
Debtors, deposits and payments in advance	9	**19,695,398**	19,450,471
Deposits with banks and financial institutions	10	**154,700,000**	74,500,000
Cash at banks and in hand	10	**8,154,178**	75,779,119
		182,549,576	169,729,590
Current liabilities			
Receipts in advance		**8,947,261**	18,127,722
Accounts payable and accruals	11	**108,826,341**	91,943,093
Deferred income	12	**10,000,000**	10,000,000
Current taxation	13	**196,288**	43,860
		127,969,890	120,114,675
Net current assets		**54,579,686**	49,614,915
Non-current liabilities			
Deferred income	12	**51,666,667**	61,666,667
NET ASSETS		**97,542,335**	90,633,456
Represented by:			
RESERVES			
General Fund	15	**97,542,335**	90,633,456

Approved and authorised for issue on 25 July 2013.

Anthony Lau
Executive Director

Dr Peter Lam Kin-ngok
Chairman of the Board

The notes on pages 71 to 97 form part of these financial statements.

Statement of financial position

for the year ended 31 March 2013 (Expressed in Hong Kong dollars)

	Note	2013	2012
Non-current assets			
Fixed assets	7(b)	**63,606,316**	73,643,208
Defined benefit retirement plan asset	14(a)(i)	**31,023,000**	29,042,000
Interests in a subsidiary	8	**1**	1
		94,629,317	102,685,209
Current assets			
Debtors, deposits and payments in advance	9	**18,864,309**	18,549,254
Deposits with banks and financial institutions	10	**154,700,000**	74,500,000
Cash at banks and in hand	10	**7,977,860**	74,121,810
		181,542,169	167,171,064
Current liabilities			
Receipts in advance		**8,947,261**	18,127,722
Accounts payable and accruals	11	**106,318,197**	91,563,903
Deferred income	12	**10,000,000**	10,000,000
		125,265,458	119,691,625
Net current assets		**56,276,711**	47,479,439
Non-current liabilities			
Deferred income	12	**51,666,667**	61,666,667
NET ASSETS		**99,239,361**	88,497,981
Represented by:			
RESERVES			
General Fund	15	**99,239,361**	88,497,981

Approved and authorised for issue on 25 July 2013.

Anthony Lau
Executive Director

Dr Peter Lam Kin-ngok
Chairman of the Board

The notes on pages 71 to 97 form part of these financial statements.

Consolidated statement of changes in reserves

for the year ended 31 March 2013 (Expressed in Hong Kong dollars)

	2013	2012
Accumulated surplus at the beginning of the year	**90,633,456**	82,212,169
Surplus for the year	**6,908,879**	8,421,287
Accumulated surplus at the end of the year	**97,542,335**	90,633,456

The notes on pages 71 to 97 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2013 (Expressed in Hong Kong dollars)

	Note	2013	2012
Operating activities			
Surplus before tax for the year		**7,126,990**	8,462,963
Adjustments for:			
Interest income		**(1,295,477)**	(1,289,773)
Depreciation		**14,184,478**	14,088,382
Gain on disposal of fixed assets		**(54,701)**	(37,586)
Realisation of deferred income - office premises		**(10,000,000)**	(10,000,000)
Operating surplus before changes in working capital		**9,961,290**	11,223,986
Increase in defined benefit retirement plan asset	14(a)(v)	**(1,981,000)**	(2,859,000)
(Increase)/decrease in debtors, deposits and payments in advance		**(376,752)**	2,801,998
Increase/(decrease) in receipts in advance, accounts payable and accruals		**7,702,787**	(3,866,135)
Cash generated from operation		**15,306,325**	7,300,849
Overseas tax paid		**(65,683)**	-
Net cash generated from operating activities		**15,240,642**	7,300,849
Investing activities			
Interest received		**1,427,302**	1,046,192
Purchase of fixed assets		**(4,147,586)**	(4,268,449)
Proceeds from disposal of fixed assets		**54,701**	37,586
Net cash used in investing activities		**(2,665,583)**	(3,184,671)
Net increase in cash and cash equivalents		**12,575,059**	4,116,178
Cash and cash equivalents at the beginning of the year	10	**150,279,119**	146,162,941
Cash and cash equivalents at the end of the year	10	**162,854,178**	150,279,119

The notes on pages 71 to 97 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 Status of the Board

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

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

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued a number of amendments to HKFRSs and new interpretations that are first effective for the current accounting period of the Group. None of them is relevant to the Group's financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2013 comprise the Board and its subsidiary (together referred to as the "Group").

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.

(c) Films, publicity and advertising materials

Films, publicity and advertising materials are charged to the income statement on purchase, and no account is taken of stocks on hand at the statement of financial position date.

2 Significant accounting policies (Continued)

(d) Investment in subsidiary

Subsidiaries are entities controlled by the Board. Control exists when the Board has the power to govern the financial and operating policies of an entity so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercised are taken into account.

An investment 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 and transactions 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, an investment 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) Fixed assets

(i) Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(k)).

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

(f) Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

-	Leasehold properties	25 years
-	Leasehold improvements	10 years
-	Motor vehicles	4 years
-	Furniture, fixtures and equipment	Additions are fully depreciated in the year of acquisition

The useful life of an asset is reviewed annually.

2 Significant accounting policies (Continued)

(g) Debtors

Debtors are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

(h) Accounts payable and accruals

Accounts payable and accruals are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(j) Provisions and contingent liabilities

Provisions are recognised for 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.

(k) Impairment of assets

Internal and external sources of information are reviewed at each statement of financial position date to identify indications that fixed assets and investment in 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 to sell 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).

2 Significant accounting policies (Continued)

(k) Impairment of assets (Continued)

An impairment loss is recognised in profit or loss 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 are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other 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 to sell, 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 profit or loss 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 profit or loss 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.

(m) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

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

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

2 Significant accounting policies (Continued)

(m) Revenue recognition (Continued)

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

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

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

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

(vii) 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 and non-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 statement of financial position date. Exchange gains and losses are recognised in the income statement.

(o) Leased assets

(i) Classification of assets leased to the Group

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except where land is held for own use under operating leases, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease. In such cases, it is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

2 Significant accounting policies (Continued)

(p) Employee benefits

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

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

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

(iv) The Group's net obligation in respect of defined benefit retirement plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the statement of financial position date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a plan, if any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation of the Group's net obligation results in a negative amount, the asset recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(v) Termination benefits are recognised 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.

(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).

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 Principal source of income

The Group

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

	2013	2012
Recurrent		
– Subvention for the year	**555,200,000**	521,544,000
Non-recurrent		
– Meetings, Incentives, Conventions and Exhibitions Promotion/Wine and Dine Festival/Partnernet Revamp/Island District Council Promotion/Taiwan Eslite Promotion/ Gourmet Art Exhibition/Happy@HongKong Promotion/Image Campaign/New Year Countdown/Tai Chung Lantern Festival	**50,283,420**	49,606,479
	605,483,420	571,150,479

4 Income tax

(a) Income tax in the income statement represents:

	2013	2012
Current tax - Overseas		
Provision for the year	**218,111**	41,676

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. Hong Kong Profits Tax has not been provided as HKTB Limited has no estimated tax assessable profits in Hong Kong for the current and prior years. Taxation in respect of HKTB Limited's operations in Taiwan is charged at 17% (2012: 17%).

(b) Reconciliation between tax expense and accounting surplus at applicable tax rate:

	2013	2012
Surplus before taxation	**7,126,990**	8,462,963
Notional tax on loss before taxation, calculated at the rates applicable to surplus in the tax jurisdictions concerned	**(3,878,366)**	(1,187,128)
Tax effect of non-deductible expenses	**3,978,742**	1,203,359
Tax effect of temporary differences not recognised	**117,735**	25,445
Actual tax expense	**218,111**	41,676

5 Staff costs

The Group

	2013	2012
Contributions to defined contribution retirement plans	**6,912,719**	6,453,969
Income recognised in respect of defined benefits retirement plans (note 14(a)(v))	**(1,981,000)**	(2,859,000)
Retirement costs	**4,931,719**	3,594,969
Salaries and other benefits	**189,828,401**	168,083,345
	194,760,120	171,678,314

6 Senior executives' pay and allowances

The Group

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

		2013	
	Executive Director	Other senior executives	Total
Basic salaries	3,399,000	16,831,000	**20,230,000**
Discretionary performance pay	600,000	1,564,000	**2,164,000**
Retirement benefit expenses, contract gratuities and other allowances	526,000	5,392,000	**5,918,000**
	4,525,000	23,787,000	**28,312,000**

		2012	
	Executive Director	Other senior executives	Total
Basic salaries	3,206,000	16,756,000	**19,962,000**
Discretionary performance pay	509,000	1,226,000	**1,735,000**
Retirement benefit expenses, contract gratuities and other allowances	498,000	4,690,000	**5,188,000**
	4,213,000	22,672,000	**26,885,000**

6 Senior executives' pay and allowances (Continued)

The Group (Continued)

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

	2013 **No. of senior executive positions**	2012 No. of senior executive positions
Pay Range		
1 - $500,001 to $1,000,000 (note (a))	**-**	1
2 - $1,000,001 to $1,500,000 (note (b))	**3**	1
3 - $1,500,001 to $2,000,000 (note (c))	**5**	6
4 - $2,000,001 to $2,500,000 (note (d))	**1**	-
5 - $2,500,001 to $3,000,000 (note (e))	**1**	2
6 - $3,000,001 to $3,500,000	**-**	-
7 - $3,500,001 to $4,000,000	**1**	1
	11	11

Notes:

(a) No senior executive position is under Pay range 1 in 2012/13. There was one senior executive position in Pay range 1 in 2011/12 because the position was vacant in the second half of 2011/12.

(b) Senior executive positions in Pay range 2 increased from 1 to 3 because:
(i) full year impact of the senior executive position as explained in (a) above;
(ii) one senior executive position moved from Pay range 3 to 2.

(c) Reduction of one senior executive position in Pay range 3 is the result of the following movements during 2012/13:
(i) the senior executive position as described in (b) (ii) above;
(ii) salary increase of one of the senior executives which moved his position away from Pay range 3 to 4;
(iii) one senior executive position moved from Pay range 5 to this Pay range.

The net effect is the decrease of senior executive positions in this Pay range from 6 to 5.

(d) Senior executive position in Pay range 4 increased from 0 to 1 is as explained in (c) (ii).

(e) Senior executive positions in Pay range 5 reduced from 2 to 1 is as explained in (c) (iii).

6 Senior executives' pay and allowances (Continued)

The Group (Continued)

During the years ended 31 March 2013 and 2012, 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 the 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, Key Strategic Focus 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 $600,000 for the year ended 31 March 2013 (2012: $509,000).

The remuneration of other senior executive positions for the year ended 31 March 2013 represents compensation for the Deputy Executive Director, five General Manager positions (2012: five General Manager positions) and four Regional Director positions (2012: four Regional Director positions).

7 Fixed assets

(a) The Group

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:					
At 1 April 2012	**252,855,009**	**8,006,639**	**1,943,642**	**31,271,573**	**294,076,863**
Additions	**-**	**-**	**333,411**	**3,814,175**	**4,147,586**
Disposals	**-**	**-**	**(742,699)**	**(5,558,369)**	**(6,301,068)**
At 31 March 2013	**252,855,009**	**8,006,639**	**1,534,354**	**29,527,379**	**291,923,381**
Accumulated depreciation:					
At 1 April 2012	**180,369,903**	**7,238,786**	**1,553,393**	**31,271,573**	**220,433,655**
Charge for the year	**10,114,200**	**95,981**	**160,122**	**3,814,175**	**14,184,478**
Disposals	**-**	**-**	**(742,699)**	**(5,558,369)**	**(6,301,068)**
At 31 March 2013	**190,484,103**	**7,334,767**	**970,816**	**29,527,379**	**228,317,065**
Net book value:					
At 31 March 2013	**62,370,906**	**671,872**	**563,538**	**-**	**63,606,316**
Cost:					
At 1 April 2011	252,855,009	8,006,639	1,788,603	43,294,565	305,944,816
Additions	-	-	445,999	3,822,450	4,268,449
Disposals	-	-	(290,960)	(15,845,442)	(16,136,402)
At 31 March 2012	252,855,009	8,006,639	1,943,642	31,271,573	294,076,863
Accumulated depreciation:					
At 1 April 2011	170,255,703	7,142,804	1,788,603	43,294,565	222,481,675
Charge for the year	10,114,200	95,982	55,750	3,822,450	14,088,382
Disposals	-	-	(290,960)	(15,845,442)	(16,136,402)
At 31 March 2012	180,369,903	7,238,786	1,553,393	31,271,573	220,433,655
Net book value:					
At 31 March 2012	72,485,106	767,853	390,249	-	73,643,208

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

7 Fixed assets (Continued)

(b) The Board

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:					
At 1 April 2012	**252,855,009**	**8,006,639**	**1,943,642**	**31,254,573**	**294,059,863**
Additions	**-**	**-**	**333,411**	**3,808,647**	**4,142,058**
Disposals	**-**	**-**	**(742,699)**	**(5,558,369)**	**(6,301,068)**
At 31 March 2013	**252,855,009**	**8,006,639**	**1,534,354**	**29,504,851**	**291,900,853**
Accumulated depreciation:					
At 1 April 2012	**180,369,903**	**7,238,786**	**1,553,393**	**31,254,573**	**220,416,655**
Charge for the year	**10,114,200**	**95,981**	**160,122**	**3,808,647**	**14,178,950**
Disposals	**-**	**-**	**(742,699)**	**(5,558,369)**	**(6,301,068)**
At 31 March 2013	**190,484,103**	**7,334,767**	**970,816**	**29,504,851**	**228,294,537**
Net book value:					
At 31 March 2013	**62,370,906**	**671,872**	**563,538**	**-**	**63,606,316**
Cost:					
At 1 April 2011	252,855,009	8,006,639	1,788,603	43,294,565	305,944,816
Additions	-	-	445,999	3,805,450	4,251,449
Disposals	-	-	(290,960)	(15,845,442)	(16,136,402)
At 31 March 2012	252,855,009	8,006,639	1,943,642	31,254,573	294,059,863
Accumulated depreciation:					
At 1 April 2011	170,255,703	7,142,804	1,788,603	43,294,565	222,481,675
Charge for the year	10,114,200	95,982	55,750	3,805,450	14,071,382
Disposals	-	-	(290,960)	(15,845,442)	(16,136,402)
At 31 March 2012	180,369,903	7,238,786	1,553,393	31,254,573	220,416,655
Net book value:					
At 31 March 2012	72,485,106	767,853	390,249	-	73,643,208

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

8 Interests in a subsidiary

The Board

	2013	2012
Unlisted shares, at cost	**1**	1
Amount due from a subsidiary	**29,283,153**	9,374,397
Less: impairment loss	**(29,283,153)**	(9,374,397)
	1	1

As at 31 March 2013, the Board assessed the amount due from a subsidiary used for marketing and promoting Hong Kong is not expected to be recovered. Consequently, an additional impairment loss of $19,908,756 (2012: $9,374,397) was recognised during the year ended 31 March 2013.

The amount due from 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

Total expenses of $52,805 for the year ended 31 March 2013 (2012: 50,555) in respect of the subsidiary was borne by the Board which has waived its right of recovery thereof.

9 Debtors, deposits and payments in advance

	The Group		**The Board**	
	2013	2012	**2013**	2012
Debtors	**2,672,700**	1,772,101	**2,672,700**	1,772,101
Deposits and payments in advance	**17,022,698**	17,678,370	**16,191,609**	16,777,153
	19,695,398	19,450,471	**18,864,309**	18,549,254

9 Debtors, deposits and payments in advance (Continued)

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	
	2013	2012	**2013**	2012
Australian Dollars	**376,326**	344,990	**376,326**	344,990
Chinese Yuan	**974,155**	1,354,150	**974,155**	1,354,150
Euros	**638,312**	1,090,090	**638,312**	1,090,090
Great British Pounds	**424,647**	444,904	**424,647**	444,904
Japanese Yen	**4,706,980**	5,405,972	**4,706,980**	5,405,972
New Taiwan Dollars	**831,090**	901,216	**-**	-
United States Dollars	**670,481**	422,730	**670,481**	422,730

The gross amount of debtors, deposits and payments in advance at 31 March 2013 that is expected to be recovered after more than one year for the Group is $1,612,558 and the Board is $1,404,421 (2012: the Group and the Board $2,088,883).

Debtors that are not impaired

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

	The Group		The Board	
	2013	2012	**2013**	2012
Neither past due nor impaired	**913,605**	171,513	**913,605**	171,513
Less than 1 month past due	**668,620**	1,013,691	**668,620**	1,013,691
1 to 3 months past due	**757,696**	130,589	**757,696**	130,589
More than 3 months but less than 12 months past due	**332,779**	456,308	**332,779**	456,308
	1,759,095	1,600,588	**1,759,095**	1,600,588
	2,672,700	1,772,101	**2,672,700**	1,772,101

10 Cash and cash equivalents

	The Group		The Board	
	2013	2012	**2013**	2012
Deposits with banks and financial institutions	**154,700,000**	74,500,000	**154,700,000**	74,500,000
Cash at banks and in hand	**8,154,178**	75,779,119	**7,977,860**	74,121,810
Cash and cash equivalents in the statement of cash flows	**162,854,178**	150,279,119	**162,677,860**	148,621,810

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	
	2013	2012	**2013**	2012
Australian Dollars	**2,020,053**	2,410,277	**2,020,053**	2,410,277
Canadian Dollars	**685,947**	204,746	**685,947**	204,746
Chinese Yuan	**309,621**	689,269	**309,621**	689,269
Euros	**184,161**	648,376	**184,161**	648,376
Great British Pounds	**1,105,325**	554,615	**1,105,325**	554,615
New Taiwan Dollars	**141,252**	1,628,267	**-**	-
United States Dollars	**1,147,453**	1,187,212	**1,147,453**	1,187,212

Deposits with banks and financial institutions bear fixed interest rates with the effective interest rates per annum at the statement of financial position date for the Group and the Board ranging from 0.01% to 2.10% (2012: The Group and the Board 0.02% to 2.10%).

11 Accounts payable and accruals

	The Group		The Board	
	2013	2012	**2013**	2012
Accounts payable	**75,456,173**	59,111,431	**73,435,239**	59,074,813
Other payables and sundry creditors	**33,370,168**	32,831,662	**32,882,958**	32,489,090
	108,826,341	91,943,093	**106,318,197**	91,563,903

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	
	2013	2012	**2013**	2012
Australian Dollars	**2,517,663**	1,966,277	**2,517,663**	1,966,277
Chinese Yuan	**2,892,850**	2,758,879	**2,892,850**	2,758,879
Euros	**1,402,412**	1,551,897	**1,402,412**	1,551,897
Great British Pounds	**991,645**	1,221,777	**991,645**	1,221,777
Japanese Yen	**6,247,818**	6,820,412	**6,247,818**	6,820,412
New Taiwan Dollars	**2,145,085**	463,244	**-**	84,054
Singapore Dollars	**1,317,134**	2,640,576	**1,317,134**	2,640,576
United States Dollars	**5,655,609**	11,133,515	**5,655,609**	11,133,515

The gross amount of accounts payable and accruals at 31 March 2013 that is expected to be settled after more than one year for the Group is $6,236,383 and the Board is $6,158,443 (2012: the Group and the Board $7,984,353).

12 Deferred income

	The Group and The Board	
	2013	2012
Government subvention granted		
– 1994/95	**250,000,000**	250,000,000
Aggregate realisation:		
At 1 April	**178,333,333**	168,333,333
Realised during the year	**10,000,000**	10,000,000
At 31 March	**188,333,333**	178,333,333
Balance at 31 March	**61,666,667**	71,666,667
Less: Amount included in "current liabilities"	**10,000,000**	10,000,000
Amount included in "non-current liabilities"	**51,666,667**	61,666,667

13 Income tax in the consolidated statement of financial position

	The Group	
	2013	2012
Current taxation in the consolidated statement of financial position represents:		
Provision for overseas tax for the year	**217,943**	43,860
Provisional tax paid for the year	**(21,655)**	-
	196,288	43,860

14 Employee retirement benefits

The Group and the Board

(a) Defined benefit retirement plan

The Board makes contributions to a defined benefit retirement scheme registered under the Hong Kong Occupational Retirement Schemes Ordinance. The scheme covers approximately 14% (2012: 16%) of the Board's employees based in Hong Kong. The scheme is administered by an independent trustee, and the assets are held in a trust separately from those of the Board.

(i) The amounts recognised in the statements of financial position are as follows:

	2013	2012
Present value of wholly or partly funded obligations	**40,045,000**	41,415,000
Fair value of plan assets	**(78,549,000)**	(77,641,000)
Net unrecognised actuarial gains	**7,481,000**	7,184,000
Defined benefit retirement plan asset	**(31,023,000)**	(29,042,000)

A portion of the above assets are expected to be recovered after more than one year. However, it is not practicable to segregate this amount from the amounts recoverable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Board expects to pay $Nil in contributions to the defined benefit retirement plan in the year ending 31 March 2014 since the Board has taken the contribution holiday recommended by an independent actuary, Towers Watson Hong Kong Limited ("Towers Watson").

14 Employee retirement benefits (Continued)

The Group and the Board (Continued)

(a) Defined benefit retirement plan (Continued)

(ii) Plan assets consist of the following:

	2013	2012
Equity securities	42,204,000	40,761,000
Bonds	35,212,000	35,715,000
Cash at banks	1,133,000	1,165,000
	78,549,000	77,641,000

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

	2013	2012
At 1 April	41,415,000	37,379,000
Benefits paid by the plan	(5,736,000)	(4,785,000)
Current service costs	2,130,000	2,174,000
Interest cost	435,000	970,000
Actuarial losses	1,801,000	5,677,000
At 31 March	40,045,000	41,415,000

(iv) Movements in fair value of plan assets:

	2013	2012
At 1 April	77,641,000	81,298,000
Benefits paid by the plan	(5,736,000)	(4,785,000)
Actuarial expected returns on plan assets	4,546,000	4,873,000
Actuarial gains/(losses)	2,098,000	(3,745,000)
At 31 March	78,549,000	77,641,000

14 Employee retirement benefits (Continued)

The Group and the Board (Continued)

(a) Defined benefit retirement plan (Continued)

(v) Income recognised in the consolidated income statement is as follows:

	2013	2012
Current service cost	**2,130,000**	2,174,000
Interest cost	**435,000**	970,000
Actuarial expected return on plan assets	**(4,546,000)**	(4,873,000)
Net actuarial gains recognised	**-**	(1,130,000)
	(1,981,000)	(2,859,000)

The income is recognised in the following line item in the consolidated income statement:

	2013	2012
Staff costs	**(1,981,000)**	(2,859,000)

(vi) The actual return on plan assets of the Board (taking into account all changes in the fair value of the plan assets excluding contributions paid and received) was a net gain of $6,644,000 (2012: net gain of $1,128,000).

(vii) The principal actuarial assumptions used as at 31 March 2013 (expressed as weighted averages) are as follows:

	2013	2012
Discount rate	**0.90%**	1.10%
Expected rate of return on plan assets	**6.00%**	6.00%
Future salary increases	**4.50%**	4.00%

The total expected long-term investment return is determined based on the weighted average of the expected long-term investment return for each asset class under the investment portfolio of the defined benefit retirement plan using the economic model of Towers Watson.

14 Employee retirement benefits (Continued)

The Group and the Board (Continued)

(a) Defined benefit retirement plan (Continued)

(viii) Historical information:

	2013	2012	2011	2010	2009
Present value of the defined benefit obligations	**40,045,000**	41,415,000	37,379,000	48,459,000	63,304,000
Fair value of plan assets	**(78,549,000)**	(77,641,000)	(81,298,000)	(88,543,000)	(76,702,000)
Surplus in the plan	**(38,504,000)**	(36,226,000)	(43,919,000)	(40,084,000)	(13,398,000)
Experience (gain)/loss arising from plan assets	**(2,098,000)**	3,745,000	(2,187,000)	(16,083,000)	22,093,000
Experience gain arising from plan liabilities	**(355,000)**	(148,000)	(913,000)	(5,093,000)	(1,203,000)

(b) Defined contribution retirement plans

The Board makes contributions to a defined contribution plan ("Choice Plan") in accordance with the terms stated in the Trust Deed. Under the Choice Plan, the employer is required to make 8% - 15% (2012: 8% - 15%) contributions of the employees' relevant income. Employees are not required to make contribution 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 $20,000 or $25,000 (effective from 1 June 2012). Contributions to the scheme vest immediately.

15 Reserves

	The Group		The Board	
	2013	2012	**2013**	2012
General fund at the beginning of the year	**90,633,456**	82,212,169	**88,497,981**	82,212,169
Surplus for the year	**6,908,879**	8,421,287	**10,741,380**	6,285,812
General fund at the end of the year	**97,542,335**	90,633,456	**99,239,361**	88,497,981

General Fund

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

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

16 Commitments

At 31 March 2013, the Group and the Board had commitments in respect of the following:

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

	The Group		The Board	
	2013	2012	**2013**	2012
Within 1 year	**12,377,762**	12,746,716	**11,685,267**	12,383,101
After 1 year but within 5 years	**20,831,657**	19,395,053	**17,637,861**	19,395,053
After 5 years	**4,278,530**	6,721,043	**4,278,530**	6,721,043
	37,487,949	38,862,812	**33,601,658**	38,499,197

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

17 Financial instruments

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's operations. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and financial institutions, cash at banks and debtors. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's deposit placements with banks and financial institutions are with financial institutions based in Hong Kong and overseas with sound credit rating.

(b) Liquidity risk

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

The following tables detail the remaining contractual maturities at the statement of financial position date 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

2013

	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	**8,947,261**	**8,947,261**	**-**	**-**	**-**
Accounts payable and accruals	**108,826,341**	**102,589,958**	**2,627,293**	**758,489**	**2,850,601**
	117,773,602	**111,537,219**	**2,627,293**	**758,489**	**2,850,601**

2012

	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	18,127,722	18,127,722	-	-	-
Accounts payable and accruals	91,943,093	83,958,740	4,312,893	531,793	3,139,667
	110,070,815	102,086,462	4,312,893	531,793	3,139,667

17 Financial instruments (Continued)

(b) Liquidity risk (Continued)

The Board

2013

	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	**8,947,261**	**8,947,261**	**-**	**-**	**-**
Accounts payable and accruals	**106,318,197**	**100,159,754**	**2,627,293**	**680,549**	**2,850,601**
	115,265,458	**109,107,015**	**2,627,293**	**680,549**	**2,850,601**

2012

	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	18,127,722	18,127,722	-	-	-
Accounts payable and accruals	91,563,903	83,579,550	4,312,893	531,793	3,139,667
	109,691,625	101,707,272	4,312,893	531,793	3,139,667

(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 at the statement of financial position date of the Group's income-earning financial instruments.

(d) Foreign currency risk

Exposure to currency risk

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

As the HKD is pegged to the USD, the Group does not expect any significant movements in the HKD/USD exchange rate.

17 Financial instruments (Continued)

(d) Foreign currency risk (Continued)

For transactions denominated in Japanese Yen, Australian Dollars, Canadian Dollars, Euros, Great British Pounds, New Zealand Dollars, Chinese Yuan, Singapore Dollars, New Taiwan Dollars, Korean Won and Thai Baht, the Group ensures that the net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2013 and 2012.

18 Material related party transactions

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

19 Possible impact of amendments, new standards and new interpretations issued but not yet effective for the annual accounting year ended 31 March 2013

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which have not yet been effective for the year ended 31 March 2013 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 amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

Revised HKAS 19, Employee Benefits

Revised HKAS 19 introduces a number of amendments to the accounting for employee benefits. Among them, revised HKAS 19 eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. This will change the Group's accounting for defined benefit plans under which the corridor method is currently applied. Upon retrospective adoption of the revised HKAS 19, the Group's retained earnings as at 1 April 2012 and 31 March 2013 will increase by $7,184,000 and $7,481,000 respectively to $97,817,456 and $105,023,335 respectively.