

**GRAND TOUR BUS SERVICES LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED 31 MARCH 2018, 2019 AND 2020**

# Grand Tour Bus Services Limited

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# Grand Tour Bus Services Limited

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## Corporate Data

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***Sole Director***

Wong Nga Lai  
Wong Leung Wun (resigned on 20 April 2018)  
Wu Chun Ting (appointed on 3 January 2020 and  
resigned on [ ] March 2020)

***Secretary***

Wong Nga Lai (resigned on 20 April 2018)  
ST Consultant Limited (appointed on 20 April 2018)

***Registered office and  
principal place of business***

Room 35, 9/F Maidstone Apartment  
No. 35-41 Maidstone Road  
Tokwawan, Kowloon

***Independent auditor***

Moore Stephens CPA Limited  
801-806 Silvercord, Tower 1  
30 Canton Road  
Tsimshatsui, Kowloon  
Hong Kong

# **Independent Auditor's Report to the Sole Director of Grand Tour Bus Services Limited (Incorporated in the Hong Kong with limited liability)**

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## ***Opinion***

We have audited the financial statements of Grand Tour Bus Services Limited (the "Company") set out on pages 6 to [72], which comprise the statements of financial position as at 31 March 2018, 2019 and 2020, and the statements of comprehensive income, the statements of changes in equity, and the statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial positions of the Company as at 31 March 2018, 2019 and 2020 and of its financial performance and its cash flows for each of the three years then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

## **Basis for Opinion**

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

## **Other Matter**

The comparative statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the relevant explanatory notes for the year ended 31 March 2017 disclosed in these financial statements have not been audited in accordance with ISAs.

# **Independent Auditor's Report to the Sole Director of Grand Tour Bus Services Limited (Incorporated in the Hong Kong with limited liability) (Continued)**

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## ***Responsibilities of the Sole Director for the Financial Statements***

The sole director is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the sole director determines are 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 sole director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Sole Director either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The sole director is responsible for overseeing the Company's financial reporting process.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to the sole director 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole director.

# **Independent Auditor's Report to the Sole Director of Grand Tour Bus Services Limited (Incorporated in the Hong Kong with limited liability) (Continued)**

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## ***Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

- Conclude on the appropriateness of the sole director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the sole director 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.

**Moore Stephens CPA Limited**

*Certified Public Accountants*

**Li Wing Yin**

Practising Certificate Number: P05035

Hong Kong, [ ] June 2020

# Grand Tour Bus Services Limited

## Statements of Comprehensive Income

For the years ended 31 March 2018, 2019 and 2020

	Notes	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
<b>Revenue</b>	6	23,325,392	22,993,232	35,632,490	56,701,736
Cost of services rendered		<u>(15,097,923)</u>	<u>(21,462,631)</u>	<u>(28,936,473)</u>	<u>(42,364,713)</u>
<b>Gross profit</b>		8,227,469	1,530,601	6,696,017	14,337,023
Other income and gains	7	1,061,400	1,739,929	1,063,232	650,677
Administrative and operating expenses		<u>(2,197,211)</u>	<u>(2,529,349)</u>	<u>(1,828,715)</u>	<u>(1,792,772)</u>
Impairment loss allowance on trade receivables, net	15	<u>(49,770)</u>	<u>(610,325)</u>	-	-
Finance costs	8	<u>(277,515)</u>	<u>(358,117)</u>	<u>(406,855)</u>	<u>(228,793)</u>
<b>Profit/(loss) before income tax</b>	9	6,764,373	(227,261)	5,523,679	12,966,135
Income tax (expense)/credit	10	<u>(1,189,694)</u>	<u>48,312</u>	<u>(914,739)</u>	<u>(2,181,655)</u>
<b>Profit/(loss) and other comprehensive income/(loss) for the year</b>		<u><u>5,574,679</u></u>	<u><u>(178,949)</u></u>	<u><u>4,608,940</u></u>	<u><u>10,784,480</u></u>

# Grand Tour Bus Services Limited

## Statements of Financial Position

As at 31 March 2018, 2019 and 2020

	Notes	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	6,949,135	14,049,237	2,162,682	2,579,854
Passenger service licences	13	-	3,050,000	7,800,000	7,800,000
Right-of-use assets	14	3,014,520	-	-	-
Deposits paid	16	109,500	166,500	67,000	-
		<u>10,073,155</u>	<u>17,265,737</u>	<u>10,029,682</u>	<u>10,379,854</u>
<b>Current assets</b>					
Trade receivables	15	15,451,016	2,383,513	8,627,063	14,341,733
Deposits paid, prepayments and other receivables	16	1,608,837	1,865,497	1,789,349	4,524,064
Amount due from a related company	17	10,694,094	35,827,922	29,965,949	25,116,476
Tax recoverable		-	-	268,234	980,807
Cash and cash equivalents	18	18,916	12,991	138,301	2,017,931
		<u>27,772,863</u>	<u>40,089,923</u>	<u>40,788,896</u>	<u>46,981,011</u>
<b>Current liabilities</b>					
Trade payables	19	10,059,775	3,621,231	3,480,840	6,091,031
Accruals and other payables	19	440,633	325,620	207,280	1,428,382
Rental deposits received		2,149,050	2,440,050	3,040,400	3,680,626
Tax payables		1,629,985	473,551	-	-
Interest-bearing bank borrowings	20	-	414,910	1,491,021	7,465,741
Lease liabilities	21	3,044,225	-	-	-
Obligations under finance leases	22	-	2,177,862	1,028,482	994,046
		<u>17,323,668</u>	<u>9,453,224</u>	<u>9,248,023</u>	<u>19,659,826</u>
<b>Net current assets</b>		<u>10,449,195</u>	<u>30,636,699</u>	<u>31,540,873</u>	<u>27,321,185</u>
<b>Total assets less current liabilities</b>		<u>20,522,350</u>	<u>47,902,436</u>	<u>41,570,555</u>	<u>37,701,039</u>



# Grand Tour Bus Services Limited

## Statements of Financial Position (continued)

As at 31 March 2018, 2019 and 2020

	Notes	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
<b>Non-current liabilities</b>					
Lease liabilities	21	13,136,653	-	-	-
Obligations under finance leases	22	-	12,503,888	5,240,450	6,268,932
Deferred tax liabilities	23	311,106	298,636	1,051,244	762,186
		<u>13,447,759</u>	<u>12,802,524</u>	<u>6,291,694</u>	<u>7,031,118</u>
<b>Net assets</b>		<u>7,074,591</u>	<u>35,099,912</u>	<u>35,278,861</u>	<u>30,669,921</u>
<b>CAPITAL AND RESERVE</b>					
Share capital	24	100	100	100	100
Reserves		<u>7,074,491</u>	<u>35,099,812</u>	<u>35,278,761</u>	<u>30,669,821</u>
<b>Total equity</b>		<u>7,074,591</u>	<u>35,099,912</u>	<u>35,278,861</u>	<u>30,669,921</u>

Ms. Wong Nga Lai  
Sole Director

# Grand Tour Bus Services Limited

## Statements of Changes in Equity

For the years ended 31 March 2018, 2019 and 2020

	Share capital HK\$	Retained earnings HK\$	Proposed final dividend HK\$	Total equity HK\$
At 1 April 2016 (unaudited)	100	19,885,341	-	19,885,441
Profit and total comprehensive income for the year (unaudited)	-	10,784,480	-	10,784,480
At 31 March 2017 and 1 April 2017 (unaudited)	100	30,669,821	-	30,669,921
Profit and total comprehensive income for the year	-	4,608,940	-	4,608,940
<b>At 31 March 2018 and 1 April 2018</b>	<b>100</b>	<b>35,278,761</b>	<b>-</b>	<b>35,278,861</b>
Loss and total comprehensive loss for the year	-	(178,949)	-	(178,949)
Proposed final dividend (note 11)	-	(33,600,000)	33,600,000	-
<b>At 31 March 2019 and 1 April 2019</b>	<b>100</b>	<b>1,499,812</b>	<b>33,600,000</b>	<b>35,099,912</b>
Profit and total comprehensive income for the year	-	5,574,679	-	5,574,679
Final dividend by offsetting amount due from a related company (note 11)	-	-	(33,600,000)	(33,600,000)
<b>At 31 March 2020</b>	<b>100</b>	<b>7,074,491</b>	<b>-</b>	<b>7,074,591</b>

# Grand Tour Bus Services Limited

## Statements of Cash Flows

For the years ended 31 March 2018, 2019 and 2020

	Notes	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
<b>Cash flows from operating activities</b>					
Profit/(loss) before income tax		<b>6,764,373</b>	<b>(227,261)</b>	<b>5,523,679</b>	12,966,135
Adjustments for:					
Depreciation on property, plant and equipment	12	<b>1,978,335</b>	<b>2,319,821</b>	<b>417,172</b>	171,006
Depreciation of right-of-use assets	14	<b>1,385,353</b>	-	-	-
Gain on disposal of motor vehicles together with passenger service licences	7	-	<b>(928,875)</b>	-	-
Gain on disposal of motor vehicles	7	<b>(1,036,733)</b>	<b>(22,000)</b>		
Gain on disposal of passenger service licences	7	-	<b>(278,500)</b>		
Impairment loss allowance of trade receivables	15	<b>[49,770]</b>	<b>610,325</b>	-	-
Bank interest income	7	<b>(5)</b>	<b>(37)</b>	-	-
Finance cost	8	<b>277,515</b>	<b>358,117</b>	<b>406,855</b>	228,793
Operating profit before working capital changes		<b>9,418,608</b>	<b>1,831,590</b>	<b>6,347,706</b>	13,365,934
(Increase)/decrease in trade receivables		<b>(13,117,273)</b>	<b>5,633,225</b>	<b>5,714,670</b>	(7,230,157)
Decrease/(increase) in deposits paid, prepayments and other receivables		<b>313,660</b>	<b>(175,648)</b>	<b>2,667,715</b>	(1,578,771)
Increase/(decrease) in trade payables		<b>6,438,544</b>	<b>140,391</b>	<b>(2,610,191)</b>	2,822,523
Decrease in rental deposits received, accruals and other payables		<b>(175,987)</b>	<b>(482,010)</b>	<b>(1,861,328)</b>	(1,453,081)
Net cash generated from operations		<b>2,877,552</b>	<b>6,947,548</b>	<b>10,258,572</b>	5,926,448
Income tax (paid)/refunded		<b>(20,790)</b>	<b>37,489</b>	<b>86,892</b>	(2,400,276)
Interest received		<b>5</b>	<b>37</b>	-	-
<b>Net cash generated from operating activities</b>		<b>2,856,767</b>	<b>6,985,074</b>	<b>10,345,464</b>	3,526,172

# Grand Tour Bus Services Limited

## Statements of Cash Flows (continued)

For the years ended 31 March 2018, 2019 and 2020

	Notes	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		-	-	-	(90,860)
Repayment to/(advanced from) a related company		<u>[807,511]</u>	<u>[(4,265,081)]</u>	<u>[(4,849,473)]</u>	<u>(5,502,563)</u>
<b>Net cash used in investing activities</b>		<u>807,511</u>	<u>(4,265,081)</u>	<u>(4,849,473)</u>	<u>(5,593,423)</u>
<b>Cash flows from financing activities</b>					
Proceeds from interest-bearing bank borrowings		-	900,000	-	6,100,000
Repayments of interest-bearing bank borrowings		(414,910)	(1,976,111)	(5,974,720)	(2,593,237)
Repayments of obligations under finance leases		-	(1,411,075)	(994,046)	(237,022)
Payment of principal portion of lease liabilities		(3,004,820)	-	-	-
Interest paid		<u>(238,623)</u>	<u>(358,117)</u>	<u>(406,855)</u>	<u>(228,793)</u>
<b>Net cash (used in)/generated from financing activities</b>		<u>(3,658,353)</u>	<u>(2,845,303)</u>	<u>(7,375,621)</u>	<u>3,040,948</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		5,925	(125,310)	(1,879,630)	973,697
Cash and cash equivalents at the beginning of the year		<u>12,991</u>	<u>138,301</u>	<u>2,017,931</u>	<u>1,044,235</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>18,916</u>	<u>12,991</u>	<u>138,301</u>	<u>2,017,931</u>

## Notes to the Financial Statements

For the years ended 31 March 2018, 2019 and 2020

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### 1. General

Grand Tour Bus Services Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 11 June 2010. The address of its registered office and principal place of business is located at Room 35, 9/F Maidstone Apartment, No. 35-41 Maidstone Road, Tokwawan, Kowloon.

During the years ended 31 March 2018, 2019 and 2020, the principal activities of the Company are the provision of licensed coaches’ rental and management services. During the year ended 31 March 2020, the Company also engaged in the business of trading of coaches.

In the opinion of the sole director of the Company, during the year ended 31 March 2018, the Company’s ultimate holding company was Grand Tour Bus Holdings Limited, which is wholly owned by [Mr. Chan Tung Yeung, Andrew]. On 18 May 2018, Grand Tour Bus Holdings Limited disposed its entire equity interest in the Company to Mr. Chan Tung Yeung, Andrew, who is the spouse of Ms. Wong Nga Lai. On 8 January 2020, Mr. Chan Tung Yeung, Andrew disposed his entire equity interest in the Company to Mr. Wu Chun Ting, who is the nominee shareholder, in which Mr. Wu Chun Ting holds the share of the Company on behalf of Ms. Wong Nga Lai in accordance with a declaration of trust. On [ ] March 2020, Mr. Wu Chun Ting disposed his entire equity interest in the Company to Ms. Wong Nga Lai.

### 2. Basis of preparation and presentation

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and related Interpretations, promulgated by the International Accounting Standards Board (“IASB”).

This is the first set of financial statements of the Company and the management of the Company has adopted, for the first time, IFRSs in preparing these financial statements. The Company has applied all the new and revised IFRSs which are effective for the Company’s accounting period beginning on 1 April 2019 consistently throughout the years to the extent required or allowed by transitional provisions in the IFRSs, except that the Company adopted (i) IFRS 9 *Financial Instruments* (“IFRS 9”) and IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”) on 1 April 2018 and applied IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”) and IAS 18 *Revenue* (“IAS 18”) prior to 1 April 2018; and (ii) IFRS 16 *Leases* (“IFRS 16”) on 1 April 2019 and applied IAS 17 *Leases* (“IAS 17”) prior to 1 April 2019.

The financial statements have been prepared on historical cost basis and are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

It should be noted that accounting estimates and assumptions have been used in preparation of the financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out in Note 5 “Critical Accounting Estimates and Judgements”.

### 3. Adoption of new and revised IFRSs

#### 3.1 Summary of the impact of changes in accounting policies

This note explains the impact of (i) the adoption of IFRS 9 and IFRS 15, which have been applied from 1 April 2018; and (ii) the adoption of IFRS 16, which has been applied from 1 April 2019, where they are not applied or are different to those applied in prior periods. The Company has concluded not to restate the comparative figures based on the specific transitional provisions in IFRS 9, IFRS 15 and IFRS 16.

## Notes to the Financial Statements

For the years ended 31 March 2018, 2019 and 2020

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### 3. Adoption of new and revised IFRSs (continued)

#### 3.1 Summary of the impact of changes in accounting policies (continued)

##### (i) Adoption of IFRS 9 on 1 April 2018

IFRS 9 replaces IAS 39 for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of IFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Company and the amounts recognised as adjustments to the opening equity. IFRS 9 was adopted without restating comparative information. The new impairment rules under IFRS 9 were therefore not reflected in the statement of financial position as at 31 March 2018. Please see note 4(e) for details of the prior and new accounting policies for financial instruments.

#### **Classification and measurement of financial assets and financial liabilities**

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of IFRS 9 has no material impact on the Company's accounting policies related to financial liabilities and derivative financial instruments.

Under IFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with IFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under IFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under IFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification. A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

## Notes to the Financial Statements

### For the years ended 31 March 2018, 2019 and 2020

#### 3. Adoption of new and revised IFRSs (continued)

##### 3.1 Summary of the impact of changes in accounting policies (continued)

###### (i) Adoption of IFRS 9 on 1 April 2018 (continued)

###### **Classification and measurement of financial assets and financial liabilities (continued)**

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Company could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following table shows a reconciliation from how the Company's financial assets existed as of 1 April 2018 were classified and measured under IAS 39 to how they are classified and measured under IFRS 9:

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Carrying amount as at 31 March 2018 under IAS 39 HK\$	Carrying amount as at 1 April 2018 under IFRS 9 HK\$
Trade receivables	Loans and receivables	Amortised cost	8,627,063	8,627,063
Deposits paid and other receivables	Loans and receivables	Amortised cost	1,833,181	1,833,181
Cash and cash equivalents	Loans and receivables	Amortised cost	138,301	138,301
Amount due from a related company	Loans and receivables	Amortised cost	29,965,949	29,965,949

The carrying amounts for all financial assets and financial liabilities of the Company as at 1 April 2018 have not been impacted significantly by the initial application of IFRS 9.

The Company did not designate or de-designate any financial asset or financial liability at FVTPL as at 1 April 2018.

## Notes to the Financial Statements

### For the years ended 31 March 2018, 2019 and 2020

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#### 3. *Adoption of new and revised IFRSs (continued)*

##### 3.1 Summary of the impact of changes in accounting policies (continued)

###### (i) Adoption of IFRS 9 on 1 April 2018 (continued)

###### **Classification and measurement of financial assets and financial liabilities (continued)**

On 1 April 2018 (the date of initial application of IFRS 9), the management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The Company had trade receivables, deposits paid and other receivables, amount due from a related company and cash and cash equivalents which were classified as loans and receivables measured at amortised cost under IAS 39. The change in accounting policy has no significant impact on its classification.

###### **Impairment under expected credit losses (“ECLs”) model**

IFRS 9 replaces the “incurred loss” model in IAS 39 with the ECLs model. The ECLs model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECL earlier than under the “incurred loss” accounting model in IAS 39. The Company applies the new ECLs model to the financial assets measured at amortised cost, including trade receivables, deposits paid and other receivables, and cash and cash equivalents.

###### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expect to receive).

In measuring ECLs, the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.



## Notes to the Financial Statements

### For the years ended 31 March 2018, 2019 and 2020

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#### 3. *Adoption of new and revised IFRSs (continued)*

##### 3.1 Summary of the impact of changes in accounting policies (continued)

###### (i) Adoption of IFRS 9 on 1 April 2018 (continued)

###### **Impairment under ECLs model (continued)**

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECLs model applies.

For the Company's trade receivables, the Company has applied the simplified approach to recognise and measure lifetime ECLs. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows of each group receivables are estimated on the basis of historical credit loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

For all other financial instruments, the Company recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised in profit or loss with a corresponding adjustment to the carrying amount of the financial assets.

###### **Impact of the ECLs model**

The adoption of the ECLs model under IFRS 9 does not have material impact on the carrying amounts of the Company's financial assets as at 31 March 2018.

## Notes to the Financial Statements

### For the years ended 31 March 2018, 2019 and 2020

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#### 3. Adoption of new and revised IFRSs (continued)

##### 3.1 Summary of the impact of changes in accounting policies (continued)

###### (ii) Adoption of IFRS 15 on 1 April 2018

IFRS 15 has replaced IAS 11 Construction Contracts ("IAS11"), IAS 18 and other revenue-related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements. As a result of the application of IFRS 15, the Company has changed the accounting policy with respect to revenue recognition in note 4(i) to the financial statements.

The cumulative effect of the initial application of IFRS 15 was not significant to the Company's financial statements. The comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretation.

###### (iii) Adoption of IFRS 16 on 1 April 2019

The Company has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the years ended 31 March 2018 and 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance as at 1 April 2019.

###### *Definition of a lease*

The Company has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and International Financial Reporting Interpretations Committee ("IFRIC") 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Company has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Company applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

###### *As a lessee*

The Company has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application on 1 April 2019. As at 1 April 2019, the Company recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

## Notes to the Financial Statements

### For the years ended 31 March 2018, 2019 and 2020

#### 3. Adoption of new and revised IFRSs (continued)

##### 3.1 Summary of the impact of changes in accounting policies (continued)

##### (iii) Adoption of IFRS 16 on 1 April 2019 (continued)

When applying the modified retrospective approach under IFRS 16 at transition, the Company applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- iii. applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

When recognising the lease liabilities for leases previously classified as operating leases, the Company has applied incremental borrowing rates of the Company at the date of initial application. The weighted average incremental borrowing rates applied by the Company ranged from 1.9% to 4%.

	Note	HK\$
Operating lease commitments disclosed as at 31 March 2019 (Note 26(b))		6,683,500
Leases end within 12 months from the date of the initial application		(4,773,922)
Lease liabilities discounted at relevant incremental borrowing rate		<u>(39,322)</u>
Lease liabilities relating to operating leases recognised upon application of IFRS 16		1,870,256
Add: Obligations under finance leases recognised at 31 March 2019	(a)	<u>14,681,750</u>
Lease liabilities as at 1 April 2019		<u>16,552,006</u>
Of which are:		
current lease liabilities		3,038,360
non-current lease liabilities		<u>13,513,646</u>
		<u>16,552,006</u>

## Notes to the Financial Statements

### For the years ended 31 March 2018, 2019 and 2020

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#### 3. Adoption of new and revised IFRSs (continued)

##### 3.1 Summary of the impact of changes in accounting policies (continued)

##### (ii) Adoption of IFRS 16 on 1 April 2019 (continued)

The carrying amount of the Company's right-of-use assets as at 1 April 2019 comprises the following:

	Note	HK\$
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		1,870,256
Amounts included in property, plant and equipment under IAS 17		
- Assets previously under finance leases	(a)	<u>14,681,750</u>
		<u>16,552,006</u>

- (a) In relation to assets previously held under finance leases, the Company re-categorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to HK\$14,681,750 as right-of-use assets. In addition, the Company reclassified the obligations under finance leases of HK\$2,177,862 and HK\$12,503,888 to lease liabilities as current and non-current liabilities respectively at 1 April 2019.

##### *As a lessor*

- (b) Lessor accounting under IFRS 16 is substantially, unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

## Notes to the Financial Statements

For the years ended 31 March 2018, 2019 and 2020

### 3. Adoption of new and revised IFRSs (continued)

#### 3.1 Summary of the impact of changes in accounting policies (continued)

##### (iii) Adoption of IFRS 16 on 1 April 2019 (continued)

The following adjustments were made to the amounts recognised in the statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	As at 31 March 2019 HK\$	Adjustments upon application of IFRS 16 HK\$	As at 1 April 2019 HK\$
Property, plant and equipment	14,049,237	(2,530,313)	11,518,924
Right-of-use assets	-	4,400,569	4,400,569
<b>Total non-current assets</b>	<b>17,265,737</b>	<b>1,870,256</b>	<b>19,135,993</b>
Lease liabilities	-	(3,038,360)	(3,038,360)
Obligations under finance leases	(2,177,862)	2,177,862	-
<b>Total current liabilities</b>	<b>(9,453,224)</b>	<b>(860,498)</b>	<b>(10,313,722)</b>
<b>Net current liabilities</b>	<b>(2,963,301)</b>	<b>(860,498)</b>	<b>(3,823,799)</b>
<b>Total assets less current liabilities</b>	<b>14,302,436</b>	<b>1,009,758</b>	<b>15,312,194</b>
Lease liabilities	-	(13,513,646)	(13,513,646)
Obligations under finance leases	(12,503,888)	12,503,888	-
<b>Total non-current liabilities</b>	<b>12,802,524</b>	<b>1,009,758</b>	<b>13,812,282</b>

The transition to IFRS 16 does not have impact on reserves as at 1 April 2019.

## Notes to the Financial Statements

For the years ended 31 March 2018, 2019 and 2020

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### 3. *Adoption of new and revised IFRSs (continued)*

#### 3.2 New and revised IFRSs not yet adopted

Up to the date of issue of these financial statements, certain new and amended IFRSs have been issued but are not yet effective and have not been adopted in these financial statements by the Company.

IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
IAS 1 and IAS 8 Amendments	Definition of Material <sup>1</sup>
IFRS 3 Amendments	Definition of a Business <sup>1</sup>
IFRS 9, IAS 39 and IFRS 7 Amendments	Interest Rate benchmark Reform <sup>1</sup>
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting <sup>1</sup>
IFRS 17	Insurance Contracts <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 April 2021

\* On 17 December 2015, the IASB issued "Effective Date of Amendments to IFRS 10 and IAS 28". This update defers the effective date of the amendments in "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" that the IASB issued in September 2014. Early application of these amendments continues to be permitted.

The Company has already commenced assessment of the related impact of adopting the above new and revised IFRSs. So far it has concluded that the adoption of them is unlikely to have significant impact on the financial statements of the Company.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. *Summary of significant accounting policies*

#### (a) *Property, plant and equipment and depreciation*

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the income statement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its estimated residual value over its estimated useful life.

The principal annual rates used for this purpose are as follows:

Motor vehicles	15% per annum
Furniture, fixtures and office equipment	20% per annum

#### (b) *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised.

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

The Company's intangible assets represent the passenger service licences, which is stated at cost less any impairment losses. The sole director of the Company considers that the passenger service licences are regarded to have indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate cash flows for the Company. The useful life of passenger service licences is subject to annual assessment to determine whether events and circumstances continue to support the indefinite useful lives.

#### (c) *Impairment of non-financial assets*

Where an indication of impairment exists, the recoverable amounts of property, plant and equipment and intangible assets are estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (c) Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to statement of comprehensive income in the period in which it arises.

#### (d) Leases

*Leases (upon adoption of IFRS 16 from 1 April 2019 onwards)*

##### **Definition of 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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Company assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### **The Company as a lessee**

*Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

*Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to rental coaches that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.



## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (d) Leases (continued)

*Leases (upon adoption of IFRS 16 from 1 April 2019 onwards) (continued)*

#### **The Company as a lessee (continued)**

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets in which the Company is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company presents right-of-use assets as a separate line item on the statement of financial position.

##### *Refundable rental deposits paid*

Based on the definition of lease payments under IFRS 16, refundable rental deposits paid are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits paid may be adjusted to amortised cost.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (d) Leases (continued)

*Leases (upon adoption of IFRS 16 from 1 April 2019 onwards) (continued)*

#### **The Company as a lessee (continued)**

##### *Lease liabilities*

At the commencement date of a lease, the Company recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Company exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Company remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes expected payment under a guaranteed residual value in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate. The Company presents lease liabilities as a separate line item on the statement of financial position.

##### *Lease modifications*

The Company accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (d) Leases (continued)

*Leases (upon adoption of IFRS 16 from 1 April 2019 onwards) (continued)*

#### **The Company as a lessee (continued)**

##### *Lease modifications (continued)*

For a lease modification that is not accounted for as a separate lease, the Company remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### **The Company as a lessor**

##### *Classification and measurement of leases*

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Rental income which are derived from the Company's ordinary course of business are presented as revenue.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (d) Leases (continued)

*Leases (prior to adoption of IFRS 16 before 1 April 2019)*

##### **The Company as a lessee**

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period of which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis.

##### **The Company as a lessor**

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (e) Financial instruments

*Financial instruments (upon adoption of IFRS 9 from 1 April 2018 onwards)*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers (that do not have separately identified financing components) which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating and recognising interest income and interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but not considering the expected credit losses.

Interest income which are derived from the Company's ordinary course of business are presented as other income.

#### **Financial assets**

##### *Classification and measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (e) Financial instruments (continued)

*Financial instruments (upon adoption of IFRS 9 from 1 April 2018 onwards) (continued)*

#### **Financial assets (continued)**

*Classification and measurement of financial assets (continued)*

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI on initial recognition/as at date of initial application of IFRS 9 if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a financial guarantee contract of designated and effective as a hedging instrument.

In addition, the Company may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### Amortised cost and interest income

Financial assets are recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting periods following the determination that the asset is no longer credit impaired.

Accounting policy of impairment of financial assets measured at amortised cost is stated in note 4(f).

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (e) Financial instruments (continued)

*Financial instruments (upon adoption of IFRS 9 from 1 April 2018 onwards) (continued)*

#### **Financial assets (continued)**

##### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (e) Financial instruments (continued)

*Financial instruments (upon adoption of IFRS 9 from 1 April 2018 onwards) (continued)*

#### **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised costs. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Company's financial liabilities include bank overdrafts, trade payables, deposits received and other payables, amount due to a related company and lease liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Finance costs" in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (e) Financial instruments (continued)

*Financial instruments (prior to adoption of IFRS 9 before 1 April 2018)*

##### **Financial assets**

###### *Classification and measurement of financial assets*

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade receivables, deposits paid and other receivables, amount due from a related company and cash and cash equivalents in the statement of financial position.

Regular way purchases and sales of financial assets are recognised on the trade-date, that is, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

###### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (e) Financial instruments (continued)

*Financial instruments (prior to adoption of IFRS 9 before 1 April 2018) (continued)*

#### **Financial assets (continued)**

*Derecognition of financial assets (continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

#### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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 legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### **Financial liabilities**

The accounting policy of classification and measurement of financial liabilities has no change under the application of IAS 39 and IFRS 9. Please refer to above accounting policy in regarding to financial liabilities.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (f) Impairment of financial assets

##### *Impairment of financial assets (upon adoption of IFRS 9 from 1 April 2018 onwards)*

The Company recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, deposits paid and other receivables, amount due to a related company and cash bank balance). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessments are done based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Company always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (f) Impairment of financial assets (continued)

*Impairment of financial assets (upon adoption of IFRS 9 from 1 April 2018 onwards)*  
(continued)

#### (i) Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### (ii) Definition of default

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (f) Impairment of financial assets (continued)

*Impairment of financial assets (upon adoption of IFRS 9 from 1 April 2018 onwards)  
(continued)*

#### (iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

#### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on:

Nature of financial instruments (i.e. the Company's trade receivables, deposits paid and other receivables, amount due from a related company and cash and cash equivalents are each assessed as a separate group);

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Summary of significant accounting policies (continued)

#### (f) Impairment of financial assets (continued)

##### *Impairment of financial assets (prior to adoption of IFRS 9 before 1 April 2018)*

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to "impairment loss allowance on trade receivables" in statement of comprehensive income.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Significant accounting policies (continued)

#### (g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

#### (h) Income tax

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:-

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Significant accounting policies (continued)

#### (h) Income tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (i) Revenue recognition

*Revenue recognition (upon adoption of IFRS 15 from 1 April 2018 onwards)*

*Revenue from contracts with customers*

Under IFRS 15, the Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.



## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Significant accounting policies (continued)

#### (i) Revenue recognition (continued)

*Revenue recognition (upon adoption of IFRS 15 from 1 April 2018 onwards) (continued)*

*Revenue from contracts with customers (continued)*

A contract asset represents the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Company's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

#### **Principal versus agent**

When another party is involved in providing goods or services to a customer, the Company determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Company is an agent).

The Company is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Company is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Company does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Company acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

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

#### **Commission income from trading of coaches**

Commission income from trading of coaches is recognised as the relevant services have been rendered, which is generally the time when the significant risks and rewards of ownership have been transferred to the buyer and the buyer accepted the current conditions of the coach, provided that the Company maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the coach sold.

#### **Commission income from servicing of coaches and other support services**

Commission income from servicing of coaches and other support services are recognised when the relevant services have been provided and the Company received the payment or the right to receive payment has been established.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Significant accounting policies (continued)

#### (i) Revenue recognition (continued)

*Revenue recognition (upon adoption of IFRS 15 from 1 April 2018 onwards) (continued)*

*Revenue from contracts with customers (continued)*

#### **Other service income**

Other service income is generally derived from advertisement income and referral fee from other vehicle rental companies, and is recognised upon the provision of services.

*Revenue from other than contracts with customers*

#### **Coach rental income**

Coach rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease contract.

#### **Interest income**

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

*Revenue recognition (prior to adoption of IFRS 15 before 1 April 2018)*

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

#### **Commission income from servicing of coaches and other support services**

Commission income from servicing of coaches and other support services are recognised when the relevant services have been provided and the Company received the payment or the right to receive payment has been established.

#### **Coach rental income**

Coach rental income is recognised on a time proportion basis over the lease terms.

#### **Other service income**

Other service income is recognised in the period in which the related services are rendered.

#### **Interest income**

Interest income is recognised on a time proportion basis using the effective interest method.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Significant accounting policies (continued)

#### (j) Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the time value of money is material, provisions are stated at the present value at the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. 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 uncertain events not wholly within the control of the Company are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (k) Employee benefits

##### (a) Pension obligations

The Company operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund.

##### (b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Significant accounting policies (continued)

#### (k) Employee benefits (continued)

##### (c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (m) Dividend distribution

Dividend distribution to the Company's sole shareholder is recognised as a liability in the Company's financial statements in the period in which the dividends are declared by the sole director in case of interim dividends or approved by the Company's sole shareholder in case of final dividends.

#### (n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 4. Significant accounting policies (continued)

#### *o) Related parties*

- (I) A person, or a close member of that person's family, is related to the Company if that person:-
- (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of key management personnel of the Company or the Company's parent;

or

- (II) An entity is related to the Company if any of the following conditions applies:-
- (i) the entity and the Company are members of the same group;
  - (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) the entity and the Company 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 Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (I);
  - (vii) a person identified in (I)(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); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company'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.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 5. *Critical Accounting Estimates and Judgements*

In the application of the Company's accounting policies, which are described in note 4, the sole director of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Estimated provision of ECL for trade receivables (applicable from 1 April 2018)

The Company has considered all the possible default events over the expected life of the trade receivables and assessed individually for debtors with significant balances and/or collectively using a provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort.

In addition, trade receivables that are credit impaired are assessed for ECL individually. The loss allowance amount of the credit impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

The provision of ECL is sensitive to changes in estimates. The information about the Company's assessment of ECL and the details of the Company's trade receivables are disclosed in notes 15 and 28(b)(i), respectively.

(b) Depreciation and impairment assessment of property, plant and equipment and right-of-use assets (right-of-use assets is applicable from 1 April 2019)

Property, plant and equipment and right-of-use assets with finite useful lives are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Company's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 5. Critical Accounting Estimates and Judgements (continued)

- (b) Depreciation and impairment assessment of property, plant and equipment and right-of-use assets (right-of-use assets is applicable from 1 April 2019) (continued)

Property, plant and equipment and right-of-use assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of the assets have been determined based on the higher of fair value less costs of disposal and value-in-use calculations. Such estimation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Property, plant and equipment is not required to make impairment for the years ended 31 March 2018, 2019 and 2020 (2017: No (unaudited)), and right-of-use assets is not required to make impairment for the year ended 31 March 2020. Further details of property, plant and equipment and right-of-use assets are included in notes 12 and 14 to the financial statements.

- (c) Impairment assessment of passenger service licences

The Company determines whether the passenger service licences with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit. The passenger service licences was assessed on an open market basis in each of the reporting date by the sole director of the Company with reference to recent market-quoted prices. The estimation of fair value also includes assumptions such as government policies for passenger service licences businesses remained unchanged and continuous existence of an open market for passenger service licences. The fair values of passenger service licences were HK\$8,700,000, HK\$3,170,000 and Nil as at 31 March 2018, 2019 and 2020 (2017: HK\$7,800,000 (unaudited)). Further details of passenger service licences is included in note 13 to the financial statements.

- (d) Significant judgement in determining the lease term of contracts with renewal options

The Company has certain lease contracts in relation to rental coaches that include extension and termination options. The Company applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 6. Revenue

The Company derives its revenue from the transfer of goods and services in the following major service lines:

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
<b>Revenue from rental coaches:</b>				
Gross rental income	16,084,200	22,475,809	34,641,528	55,619,645
<b>Revenue from contracts with customers within the scope of IFRS 15, type of goods or services:</b>				
Commission income from trading of coaches	6,758,000	-	-	-
Commission income from servicing of coaches and other support services	483,192	517,423	-	-
<b>Revenue under IAS18:</b>				
Commission income from servicing of coaches and other support services	-	-	990,962	1,082,091
	<u>23,325,392</u>	<u>22,993,232</u>	<u>35,632,490</u>	<u>56,701,736</u>

Revenue from contract with customers within the scope of IFRS 15 (adopted from 1 April 2018) by timing of revenue recognition:-

	2020 HK\$	2019 HK\$
<b>Point in time:</b>		
Commission income from trading of coaches	6,758,000	-
Commission income from servicing of coaches and other support services	<u>483,193</u>	<u>517,423</u>
	<u>7,241,193</u>	<u>517,423</u>

The transitional provision set out in the amendments to IFRS 15 have been applied and hence no disaggregation of revenue by timing of revenue recognition for the years ended 31 March 2017 and 2018 are provided.



## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 6. Revenue (continued)

The Company has applied the practical expedient in paragraph 121 of IFRS 15 to its commission services contracts regarding the performance obligations that have an original expected duration of one year or less, the Company does not make disclosure in accordance with paragraph 120 of IFRS 15, that is the disclosures about the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting periods and an explanation of when the Company expects to be recognised as revenue.

### 7. Other income and gains

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Bank interest income	5	37	-	-
Gain on disposal of motor vehicles together with passenger service licences	-	928,875	-	-
Gain on disposal of motor vehicles	1,036,733	22,000	-	-
Gain on disposal of passenger service licences	-	278,500	-	-
Advertisement income	-	-	300,000	591,859
Referral income	-	169,106	667,661	-
Others	24,662	341,411	95,571	58,818
	<u>1,061,400</u>	<u>1,739,929</u>	<u>1,063,232</u>	<u>650,677</u>

### 8. Finance costs

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Interest on lease liabilities/obligations under finance leases	273,689	294,763	240,231	63,746
Interest on interest-bearing bank borrowings	3,826	63,354	166,624	165,047
	<u>277,515</u>	<u>358,117</u>	<u>406,855</u>	<u>228,793</u>

# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 9. Profit/(loss) before income tax

The Company's profit/(loss) before income tax is arrived at after charging:

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Depreciation of property, plant and equipment (Note 12)*	1,978,335	2,319,821	417,172	171,006
Depreciation of right-of-use assets (Note 14)**	1,385,353	-	-	-
Minimum lease payments under operating leases <sup>#</sup>	-	19,108,105	28,604,599	42,072,365
Expenses relating to short-term leases <sup>#</sup>	11,776,463	-	-	-
Employment benefits expense (including the sole director's emoluments <sup>***</sup> )				
- Salaries and allowances	931,352	1,116,539	1,031,433	1,077,609
- Retirement benefit scheme contributions	31,158	50,449	49,589	42,214

\* Depreciation of property, plant and equipment of HK\$399,000, HK\$2,301,649 and HK\$1,960,163 (2017: HK\$167,358 (unaudited)) has been included in cost of services rendered and HK\$18,172, HK\$18,172 and HK\$18,172 (2017: HK\$3,648 (unaudited)) has been included in administrative and operating expenses for the years ended 31 March 2018, 2019 and 2020 respectively.

\*\* Depreciation of right-of-use assets of HK\$1,209,080 has been included in cost of services rendered and HK\$176,273 has been included in administrative and operating expenses for the year ended 31 March 2020.

\*\*\* Employee benefit expense (including the sole director's emoluments) has been included in administrative and operating expenses.

<sup>#</sup> Minimum lease payments under operating leases of HK\$28,401,339 and HK\$18,910,381 (2017: HK\$41,929,441 (unaudited)) has been included in cost of services rendered and HK\$203,260 and HK\$197,724 (2017: HK\$142,924 (unaudited)) has been included in administrative and operating expenses for the years ended 31 March 2018 and 2019 respectively. Amounts in the years of 2018 and 2019 represent the lease rentals recognised over the lease terms for operating leases under IAS 17. Upon adoption of IFRS 16 as disclosed in note 3.1(iii), the minimum lease payments under operating lease charges (except for short-term leases) are no longer recognised under operating expenses.

# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 10. Income tax expense

Provision for Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the years presented.

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Current tax:				
Charge for the years	1,177,224	704,296	625,681	1,419,469
Deferred tax (Note 23)	12,470	(752,608)	289,058	762,186
Total tax charge/(credit) for the years	<u>1,189,694</u>	<u>(48,312)</u>	<u>914,739</u>	<u>2,181,655</u>

A reconciliation between income tax expense to profit/(loss) before income tax at the applicable tax rate is as follows:

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Profit/(loss) before income tax	<u>6,764,373</u>	<u>(227,261)</u>	<u>5,523,679</u>	<u>12,966,135</u>
Tax at Hong Kong tax rate at 16.5%	1,116,122	(37,498)	911,407	2,139,412
Tax effect on non-taxable incomes	(296,854)	(202,853)	-	-
Tax effect on non-deductible expenses	535,426	357,039	3,332	42,243
Tax concession	<u>(165,000)</u>	<u>(165,000)</u>	<u>-</u>	<u>-</u>
Income tax expense/(credit)	<u>1,189,694</u>	<u>(48,312)</u>	<u>914,739</u>	<u>2,181,655</u>

Other than deferred tax liabilities recognised, the Company does not have deferred tax assets and liabilities arising between tax bases of assets and liabilities and their carrying amounts as at 31 March 2018, 2019 and 2020 (2017: Nil (unaudited)).

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 11. Dividend

#### (a) Dividend attributable to the year

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Proposed final dividend of HK\$336,000 per share	-	<b>33,600,000</b>	-	-

Final dividend of HK\$336,000 per share amounting to HK\$33,600,000 for the year ended 31 March 2019 represented dividend proposed by the Company to the sole shareholder of the Company, Mr. Chan Tung Yeung, Andrew, on 10 April 2019. The final dividend proposed after the year ended 31 March 2019 have not been recognised as a liability for the year ended 31 March 2019.

#### (b) Dividend attributable to the financial year ended 31 March 2019, approved and offsetting during the year ended 31 March 2020

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Final dividend by offsetting amount due from a related company (note 25(a))	-	<b>33,600,000</b>	-	-

# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 12. Property, plant and equipment

	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Total HK\$
<b>Cost</b>			
At 1 April 2016 (unaudited)	-	-	-
Additions (unaudited)	90,860	2,660,000	2,750,860
At 31 March 2017 and 1 April 2017 (unaudited), 31 March 2018 and 1 April 2018	90,860	2,660,000	2,750,860
Additions	-	20,243,500	20,243,500
Disposals	-	(6,851,500)	(6,851,500)
At 31 March 2019	90,860	16,052,000	16,142,860
Transfer to right-of-use assets upon the adoption of IFRS 16 (note 3.1(iii))	-	(3,000,000)	(3,000,000)
At 1 April 2019	90,860	13,052,000	13,142,860
Additions	-	1,600,000	1,600,000
Disposals	-	(5,230,000)	(5,230,000)
At 31 March 2020	90,860	9,422,000	9,512,860
<b>Accumulated depreciation</b>			
At 1 April 2016 (unaudited)	-	-	-
Charge for the year (unaudited)	3,648	167,358	171,006
At 31 March 2017 and 1 April 2017 (unaudited)	3,648	167,358	171,006
Charge for the year (Note 9)	18,172	399,000	417,172
At 31 March 2018 and 1 April 2018	21,820	566,358	588,178
Charge for the year (Note 9)	18,172	2,301,649	2,319,821
Elimination on disposals	-	(814,376)	(814,376)
At 31 March 2019	39,992	2,053,631	2,093,623
Transfer to right-of-use assets upon the adoption of IFRS 16 (note 3.1(iii))	-	(469,687)	(469,687)
At 1 April 2019	39,992	1,583,944	1,623,936
Charge for the year (Note 9)	18,172	1,960,163	1,978,335
Elimination on disposals	-	(1,038,546)	(1,038,546)
At 31 March 2020	58,164	2,505,561	2,563,725
<b>Net carrying amount</b>			
At 31 March 2017 (unaudited)	87,212	2,492,642	2,579,854
<b>At 31 March 2018</b>	<b>69,040</b>	<b>2,093,642</b>	<b>2,162,682</b>
<b>At 31 March 2019</b>	<b>50,868</b>	<b>13,998,369</b>	<b>14,049,237</b>
<b>At 31 March 2020</b>	<b>32,696</b>	<b>6,916,439</b>	<b>6,949,135</b>

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 12. Property, plant and equipment (continued)

The Company does not have the vehicle licenses for certain items of motor vehicles with an aggregate net carrying amount of HK\$637,538, HK\$10,913,931 and HK\$6,455,314 (2017:HK\$759,038 (unaudited)) as at 31 March 2018, 2019 and 2020 respectively. The independent third parties (the "trustees") held the vehicle licenses on behalf of the Company for those motor vehicles by entering declaration of trust. With reference to the legal opinion received by the Company, the sole director of the Company is of the opinion that the Company is entitled to lawfully and validly occupy and use the above mentioned motor vehicles held by trustees and therefore the aforesaid matter did not affect the ownership rights of the Company over these motor vehicles and hence did not have any significant impact on the Company financial positions as at 31 March 2018, 2019 and 2020.

As at 31 March 2019, the net carrying amount of motor vehicles of HK\$13,998,368 includes the carrying amount of HK\$2,530,313 in respect of assets held under finance leases. From 1 April 2019, leased assets are presented as a separate line item of right-of-use assets in the statement of financial position, see note 14 to the financial statements.

### 13. Passenger service licences

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
<b>Cost at beginning of years</b>	<b>3,050,000</b>	<b>7,800,000</b>	<b>7,800,000</b>	<b>7,800,000</b>
<b>Additions</b>	-	<b>9,150,000</b>	-	-
<b>Disposals</b>	<b>(3,050,000)</b>	<b>(13,900,000)</b>	-	-
<b>At 31 March</b>	<b>-</b>	<b>3,050,000</b>	<b>7,800,000</b>	<b>7,800,000</b>

Passenger service licences are regarded as having indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate net cash flows to the Company and are stated in the statements of financial position at cost less accumulated impairment losses.

The recoverable amount of the passenger service licences is determined based on fair value less cost of disposal calculation. The fair value was determined using the market approach with reference to the average of recent market-quoted price from different market dealers. The key assumptions under such approach include the continuous existence of an open market for passenger service licences and the status-quo of the trends, market conditions and government policies for passenger service industry. The assumptions made are based on past performance and expectations on the market development.

As at 31 March 2018, 2019 and 2020, the recoverable amounts of the passenger service licences were higher than the carrying amounts. No impairment was provided for passenger service licences during the years ended 31 March 2018 and 2019 and 2020 (2017: Nil (unaudited)).

# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 14. Right-of-use assets

	Leased property HK\$	Rental coaches HK\$	Total HK\$
<b>Cost</b>			
At 1 April 2016 (unaudited), 31 March 2017 (unaudited), 31 March 2018 and 2019	-	-	-
Transfer from property, plant and equipment upon the adoption of IFRS 16 (note 3.1(iii))	-	3,000,000	3,000,000
Impact on initial application of IFRS 16 (note 3.1(iii))	302,603	1,567,654	1,870,257
At 1 April 2019	302,603	4,567,654	4,870,257
Additions	-	629,116	629,116
Disposals	-	(900,000)	(900,000)
At 31 March 2020	302,603	4,296,770	4,599,373
<b>Accumulated depreciation</b>			
At 1 April 2016 (unaudited), 31 March 2017 (unaudited), 31 March 2018 and 2019	-	-	-
Transfer from property, plant and equipment upon the adoption of IFRS 16 (note 3.1(iii))	-	469,687	469,687
At 1 April 2019	-	469,687	469,687
Charge for the year (Note 9)	176,273	1,209,080	1,385,353
Elimination on disposals	-	(270,187)	(270,187)
At 31 March 2020	176,273	1,408,580	1,584,853
<b>Net carrying amount</b>			
At 31 March 2017 (unaudited), 31 March 2018 and 2019	-	-	-
At 31 March 2020	126,330	2,888,190	3,014,520

During the years ended 31 March 2018, 2019 and 2020, the Company leases various offices and coaches for its operations. Lease contracts are entered into for fixed term ranged from 2 years to 7.5 years. Certain leases of motor vehicles were accounted for as finance leases during the years ended 31 March 2018 and 2019 and carried interest ranged from 1.9% to 4.0% per annum. Upon the adoption of IFRS 16, an opening adjustment as at 1 April 2019 was made to reclassify assets held finance leases to right-of-use assets as disclosed in note 3.1(iii). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 15. Trade receivables

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Trade receivables	15,612,941	2,545,438	8,627,063	14,341,733
Less: allowance for credit losses	<u>[(161,925)]</u>	<u>(161,925)</u>	<u>-</u>	<u>-</u>
	<u>15,451,016</u>	<u>2,383,513</u>	<u>8,627,063</u>	<u>14,341,733</u>

The Company granted 0 to 180 days credit period to customers for the years.

The ageing analysis of these receivables, net of ECL allowance (31 March 2017 and 2018: net of loss allowance), based on past due date, is as follows:

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
1 – 30 days	4,572,732	941,476	874,818	[ ]
31 – 60 days	727,566	345,644	1,005,996	[ ]
61 – 90 days	4,325,683	194,562	901,556	[ ]
Over 90 days	<u>5,825,035</u>	<u>901,831</u>	<u>5,844,693</u>	<u>[ ]</u>
	<u>15,451,016</u>	<u>2,383,513</u>	<u>8,627,063</u>	<u>14,341,733</u>

#### Impairment under IAS 39 as at 31 March 2018

Trade receivables that were neither past due nor impaired related to a number of independent customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Company. During the years ended 31 March 2018, based on past experience, the sole director of the Company was of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances were from customers with long business relationship and there had not been a significant change in credit quality and the balances were still considered fully recoverable.

#### Allowance for ECLs under IFRS 9

The Company applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has assessed the allowance for ECLs on trade receivables on a collective based on internal credit rating and ageing, past due status and repayment history of these balances which, in the opinion of the sole director of the Company, have no significant increase in credit risk during the years ended 31 March 2019 and 2020. During the years ended 31 March 2019 and 2020, allowance for ECLs on trade receivables of approximately HK\$161,925 and HK\$[ ] were therefore recognised, respectively, as the sole director of the Company assessed the recoverability of the amounts was in doubt.

Details of impairment assessment of trade receivables are set out in note 28(b)(i) to the financial statements.



# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 15. Trade receivables (continued)

The movements in the provision for impairment loss/allowance for ECLs on trade receivables are as follows:

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
At the beginning of year	161,925	-	-	-
Allowance for ECLs recognised	[49,770]	610,325	-	-
Written off of trade receivables	<u>(49,770)</u>	<u>(448,400)</u>	<u>-</u>	<u>-</u>
At the end of year	<u>[161,925]</u>	<u>161,925</u>	<u>-</u>	<u>-</u>

### 16. Prepayments, deposits paid, other receivables

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
<b>Current</b>				
Prepayments	19,667	19,667	23,168	2,151,180
Deposits paid	1,390,790	1,647,450	1,765,600	2,060,590
Other receivables	<u>198,380</u>	<u>198,380</u>	<u>581</u>	<u>312,294</u>
	1,608,837	1,865,497	1,789,349	4,524,064
<b>Non-current</b>				
Deposits paid (note)	<u>109,500</u>	<u>166,500</u>	<u>67,000</u>	<u>-</u>
<b>Total</b>	<u>1,718,337</u>	<u>2,031,997</u>	<u>1,856,349</u>	<u>4,524,064</u>

Note:

The non-current deposits mainly represent the rental deposits paid to the lessors for rental of coaches. The deposits are refundable to the Company at the end of the lease terms.

### 17. Amount due from a related company

The amount due from a related company is unsecured, interest-free and repayable on demand.

### 18. Cash and cash equivalents

Cash and cash equivalents represents cash at banks and cash on hand.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 19. Trade and other payables and accruals

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Trade payables (note)	<u>10,059,775</u>	<u>3,621,231</u>	<u>3,480,840</u>	6,091,031
Accruals	<u>378,863</u>	<u>263,850</u>	<u>207,280</u>	856,443
Other payables	<u>61,770</u>	<u>61,770</u>	<u>-</u>	571,939
	<u>440,633</u>	<u>325,620</u>	<u>207,280</u>	1,428,382
Total	<u>10,500,408</u>	<u>3,946,851</u>	<u>3,688,120</u>	<u>7,519,413</u>

Note: The Company is granted [0 to 30] days a credit period to its suppliers for the years.

### 20. Interest-bearing bank borrowings

	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Interest-bearing bank borrowings	<u>414,910</u>	<u>1,491,021</u>	<u>7,465,741</u>

Note:

As at 31 March 2018 and 2019, the interest-bearing bank borrowings are secured by personal guarantees from the sole director of the Company and her spouse.

Interest is charged in the range of HIBOR plus 1% to prime rate minus 1% per annum for the years ended 31 March 2018 and 2019 respectively (2017: the range of 2.25% below the HK\$ best lending rate to prime rate plus 3% per annum (unaudited)).

As at 31 March 2018, the interest-bearing bank borrowings of HK\$129,564 (2017: HK\$1,491,252) due for repayment after one year are subject to repayment on demand clause and have been classified as current liabilities.

As at 31 March 2018 and 2019, total current and non-current interest-bearing bank borrowings were scheduled to repay as follows:-

	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Within one year	414,910	1,361,457	5,974,489
Over one year, but less than two years	-	129,564	1,361,688
Over two years, but less than five years	-	-	129,564
	<u>414,910</u>	<u>1,491,021</u>	<u>7,465,741</u>

# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 21. Lease liabilities

	Minimum lease payments			Present value of minimum lease payments		
	31 March 2020 HK\$	1 April 2019 HK\$	31 March 2019 HK\$	31 March 2020 HK\$	1 April 2019 HK\$	31 March 2019 HK\$
Within one year	3,612,517	3,614,584	-	3,044,225	3,038,360	-
In the second and fifth years, inclusive	14,462,797	14,942,038	-	13,136,653	13,513,646	-
Total minimum lease payments	18,075,314	18,556,622	-	16,180,878	16,552,006	-
Less: Future interest expenses	(1,894,436)	(2,004,616)	-			
Present value of lease liabilities	16,180,878	16,552,006	-			
Less: Portion classified as current liabilities	(3,044,225)	(3,038,360)	-			
Non-current portion	13,136,653	13,513,646	-			

The Company has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Comparative information as at 31 March 2019 has not been restated. Further details on the impact of the transition to IFRS 16 are set out in note 3.1(iii).

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

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Within operating cash flows	11,776,463	19,108,105	28,604,599	42,072,365
Within financing cash flows	3,278,509	-	-	-
	<u>15,054,972</u>	<u>19,108,105</u>	<u>28,604,599</u>	<u>42,072,365</u>

Note:

As explained in the note 3.1(iii), the adoption of IFRS 16 introduces a change in classification of cash flows of rentals paid on leases. The comparative amounts have not been restated.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 22. Obligations under finance leases

The Company leases certain of its motor vehicles for rental coaches' business. These lease are classified as finance leases and have remaining lease terms ranging from four to six years, three to seven years and two to six years for the years ended 31 March 2018, 2019 and 2020 (2017: five to seven years).

The Company reclassified the obligations under finance leases of HK\$2,722,862 and HK\$12,503,888 to lease liabilities as current and non-current liabilities respectively at 1 April 2019.

At the end of the reporting periods, the future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:-

	Minimum lease payments					Present value of minimum lease payments				
	31 March 2020 HK\$	1 April 2019 HK\$	31 March 2019 HK\$	31 March 2018 HK\$	31 March 2017 HK\$ (unaudited)	31 March 2020 HK\$	1 April 2019 HK\$	31 March 2019 HK\$	31 March 2018 HK\$	31 March 2017 HK\$ (unaudited)
Amounts payable under finance leases:-										
Within one year	-	-	2,722,891	1,233,332	1,232,076	-	-	2,177,862	1,028,482	994,046
In the second and fifth years, inclusive	-	-	13,919,409	5,697,547	6,930,879	-	-	12,503,888	5,240,450	6,268,932
Total minimum finance lease payments	-	-	16,642,300	6,930,879	8,162,955	-	-	14,681,750	6,268,932	7,262,978
Less: future finance charges	-	-	(1,960,550)	(661,947)	(899,977)					
Total net finance lease obligations	-	-	14,681,750	6,268,932	7,262,978					
Less: portion classified as current liabilities	-	-	(2,177,862)	(1,028,482)	(994,046)					
Non-current portion	-	-	12,503,888	5,240,450	6,268,932					

Upon the adoption of IFRS 16, an opening adjustment as at 1 April 2019 was made to reclassify finance lease obligations to lease liabilities as disclosed in note 3.1(iii).

# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 23. Deferred tax

	ECL on trade receivables HK\$	Depreciation allowances in excess of the related depreciation HK\$	Total HK\$
At 1 April 2017 (unaudited)	-	762,186	762,186
Charged to profit or loss for the year (Note 10)	-	289,058	289,058
<b>At 31 March 2018 and 1 April 2018</b>	<b>-</b>	<b>1,051,244</b>	<b>1,051,244</b>
<b>Credited to profit or loss for the year (Note 10)</b>	<b>[ ]</b>	<b>(752,608)</b>	<b>[ ]</b>
<b>At 31 March 2019 and 1 April 2019</b>	<b>[ ]</b>	<b>298,636</b>	<b>[ ]</b>
<b>Charged to profit or loss for the year (Note 10)</b>	<b>[ ]</b>	<b>12,470</b>	<b>[ ]</b>
<b>At 31 March 2020</b>	<b>[ ]</b>	<b>311,106</b>	<b>[ ]</b>

[For presentation purposes, the deferred tax assets and liabilities have been offset in the statements of financial position of the Company.]

### 24. Share capital

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
<b>Issued and fully paid:</b>				
100 ordinary shares	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Notes:-

In accordance with Section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 25. Cash flow information

#### (a) Major non-cash transactions

During the years ended 31 March 2018, 2019 and 2020, the Company acquired motor vehicles of Nil, HK\$4,140,000 and Nil under finance leases respectively.

During the year ended 31 March 2019, the dividend in the amount of HK\$33,600,000 was settled by crediting the amount due from a related company.

#### (b) Reconciliation of liabilities from financing activities

The table below details changes in the Company'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 Company's statements of cash flows as cash flows from financing activities:

	Lease liabilities (note 21) HK\$	Interest- bearing bank borrowings (note 20) HK\$	Obligations under finance leases (note 22) HK\$	Total HK\$
At 1 April 2017 (unaudited)	-	7,465,741	7,262,978	14,728,719
<b>Changes from financing cash flows:</b>				
Repayments of interest-bearing bank borrowings	-	(5,974,720)	-	(5,974,720)
Repayments of obligations under finance leases	-	-	(994,046)	(994,046)
<b>At 31 March 2018 and 1 April 2018</b>	<b>-</b>	<b>1,491,021</b>	<b>6,268,932</b>	<b>7,759,953</b>
<b>Changes from financing cash flows:</b>				
Proceeds from interest-bearing bank borrowings	-	900,000	-	900,000
Repayments of interest-bearing bank borrowings	-	(1,976,111)	-	(1,976,111)
Repayments of obligations under finance leases	-	-	(1,411,075)	(1,411,075)
<b>Other changes:</b>				
New finance leases	-	-	4,140,000	4,140,000
Proceeds from obligations under finance leases on behalf of a related company	-	-	14,120,000	14,120,000
Prepayment of obligations under finance leases by a related company	-	-	(8,436,107)	(8,436,107)
<b>At 31 March 2019</b>	<b>-</b>	<b>414,910</b>	<b>14,681,750</b>	<b>15,096,660</b>

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 25. Cash flow information

(b) Reconciliation of liabilities from financing activities (continued)

	Lease liabilities (note 21) HK\$	Interest- bearing bank borrowings (note 20) HK\$	Finance lease obligation (note 22) HK\$	Total HK\$
<b>At 31 March 2019</b>	-	414,910	14,681,750	15,096,660
Initial application of IFRS16 (note 3.1(iii))	16,552,007	-	(14,681,750)	1,870,257
<b>At 1 April 2019</b>	<b>16,552,007</b>	<b>414,910</b>	<b>-</b>	<b>16,966,917</b>
<b>Changes from financing cash flows:</b>				
Repayment of interest-bearing bank borrowings	-	(414,910)	-	(414,910)
Payment of principal portion of lease liabilities	(3,004,820)	-	-	(3,004,820)
<b>Other changes:</b>				
New leases	629,116	-	-	629,116
Interest expenses	38,892	-	-	38,892
Proceeds from obligations under finance leases on behalf of a related company	6,600,000	-	-	6,600,000
Prepayment of obligations under finance leases by a related company	(4,634,317)	-	-	(4,634,317)
<b>At 31 March 2020</b>	<b>16,180,878</b>	<b>-</b>	<b>-</b>	<b>16,180,878</b>

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 26. Operating lease commitments

#### (a) The Company as a lessor

The Company leases certain of its motor vehicles and rental coaches under operating lease arrangements, with leases negotiated for terms ranging from [one to two years] without option to renew the lease term at expiry date. None of the lease includes contingent rentals. As at the end of the report periods, the Company had total future minimum payments expected to be received under non-cancellable leases with its customers falling due as follows:

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Within one year	[ ]	[ ]	[ ]	[ ]
In the second to fifth years, inclusive	[ ]	[ ]	[ ]	[ ]
After five years	-	-	-	-
	<u>[ ]</u>	<u>[ ]</u>	<u>[ ]</u>	<u>[ ]</u>

#### (b) The Company as a lessee

At 31 March 2018 and 2019, the Company had minimum outstanding commitments under non-cancellable operating leases in respect of rental coaches and leased office which fall due as follows:-

	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Within one year	5,829,975	5,479,442	14,596,668
In the second and fifth years, inclusive	<u>853,525</u>	<u>977,819</u>	<u>1,038,940</u>
	<u>6,683,500</u>	<u>6,457,261</u>	<u>15,635,608</u>

The Company leases certain rental coaches and motor vehicles under operating leases. The leases run for an initial period of [one to five years], without option to renew the lease term at expiry date. None of the lease includes contingent rentals.

The Company has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Company adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (note 3.1(iii)). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the statements of financial position in accordance with the policies set out in note 4(d), and the details regarding the Company's future lease payments are disclosed in note 21.



## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 27. Related party transactions

Other than disclosed elsewhere in the financial statements, the Company has the following transactions with its related parties in the normal course of its business and mutually agreed between both parties:-

#### (a) Recurring transactions

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Related company - Golden Champion Travel Company Limited (Note (i)):				
Coach rental expenses paid	[1,388,155]	[3,095,098]	[6,749,387]	[4,176,063]
Coach rental income received	[1,010,654]	[954,137]	[-]	[ ]
Commission income from servicing of coaches and other support services received	[20,135]	[53,563]	[ ]	[ ]
Purchases of property, plant and equipment	[-]	[17,478,500]	[ ]	[ ]
Disposal of property, plant and equipment	[4,191,454]	[6,037,124]	-	-
Disposal of right-of-use assets	[-]	[629,813]		
Purchases of passenger service licenses	-	9,150,000	-	-
Disposals of passenger service licenses	<u>3,050,000</u>	<u>13,900,000</u>	<u>-</u>	<u>-</u>
Related parties:				
Salaries paid (Note (ii))	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Rental expenses paid (Note(iii))	<u>180,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>

Notes:

- (i) The director of related company is the spouse of the sole director of the Company and wholly owned by the sole director of the Company.
- (ii) Salaries paid to the spouse of the sole director of the Company.
- (iii) Rental expenses paid to a family member of the sole director of the Company.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 27. Related party transactions (Continued)

#### (b) Key management personnel remuneration

Remuneration for key management personnel of the Company, including amount paid to the sole director of the Company, is disclosed as follows:

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
Sole director's fee	181,500	-	-	-
Salaries, allowances and benefits in kind	-	105,000	195,000	195,000
Retirement benefit scheme contributions	-	5,250	9,750	9,750
	<u>181,500</u>	<u>110,250</u>	<u>204,750</u>	<u>204,750</u>

#### (c) Guarantees provided by related parties

Details of guarantees provided by the sole director of the Company and her spouse are disclosed in note 20.

# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 28. Financial risk management and objectives and policies

#### (a) Financial instrument by category

	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$ (unaudited)
<b>Financial assets</b>				
<i>Financial assets measured at amortised cost (2017 and 2018: loans and receivables)</i>				
Trade receivables	15,451,016	2,383,513	8,627,063	14,341,733
Deposits paid and other receivables	1,698,670	2,012,330	1,833,181	2,372,884
Amount due from a related company	10,694,094	2,227,922	29,965,949	25,116,476
Cash and cash equivalents	18,916	12,991	138,301	2,017,931
	<u>27,862,696</u>	<u>6,636,756</u>	<u>40,564,494</u>	<u>43,849,024</u>
<b>Financial liabilities</b>				
<i>Financial liabilities measured at amortised cost</i>				
Trade payables	10,059,775	3,621,231	3,480,840	6,091,031
Accruals and other payables	440,633	325,620	207,280	1,428,382
Rental deposits received	2,149,050	2,440,050	3,040,400	3,680,626
Interest-bearing bank borrowings	-	414,910	1,491,021	7,465,741
Obligations under finance leases	-	14,681,750	6,268,932	7,262,978
Lease liabilities	16,180,878	-	-	-
	<u>28,830,336</u>	<u>21,483,561</u>	<u>14,488,473</u>	<u>25,928,758</u>

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 28. Financial risk management and objectives and policies (continued)

#### (b) Financial risk management and policies

The Company has exposure to the credit risk and liquidity risk arising from financial instrument. The policies on how to mitigate the risk are set out below. The management manages and monitors the Company's exposures to ensure appropriate measures are implemented in a timely and effective manner.

#### (i) Credit risk and impairment assessment

##### *Risk management*

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company.

The Company trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant. The Company does not hold any collateral over these receivable balances.

The Company's exposure to credit risk mainly arising from the following assets, which comprise trade receivables, financial assets included in deposits paid and other receivables, amount due to a related company and cash and cash equivalents, with a maximum exposure equal to the carrying amounts of these assets.

The credit risk on cash and cash equivalents is limited because the Company's bank balances are all deposited with major banks located in Hong Kong with high credit ratings assigned by international credit-rating agencies.

There are no significant concentrations of credit risk within the Company as the customer base of the Company is widely diversified.

##### *Impairment of financial assets*

##### ***Impairment of financial assets from 1 April 2018***

The Company has two types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- deposits paid and other receivables; and
- amount due from a related company

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 28. Financial risk management and objectives and policies (continued)

#### (b) Financial risk management and policies (continued)

##### (i) Credit risk and impairment assessment (continued)

##### *Impairment of financial assets (continued)*

##### ***Impairment of financial assets from 1 April 2018 (continued)***

##### *Trade receivables*

Impairment of financial assets, trade receivables arising from customers are subject to the ECL model.

The Company applies IFRS 9 and measures ECL based on a lifetime expected loss allowance for all trade receivables. The Company uses provision matrix to calculate ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The estimated ECL loss rates are estimated based on the Company's historical settlement experience of various groups of debtors that have similar loss patterns and are adjusted forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The Company has identified the gross domestic product in Hong Kong to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 March 2019 and 2020 were determined as follows for trade receivables:

<b>Ageing based on due date</b>	<b>Average loss rate (%)</b>	<b>Gross carrying amount HK\$</b>	<b>Loss allowances HK\$</b>	<b>Net carrying amount HK\$</b>
<b>As at 31 March 2019</b>				
Not past due	0.9%	949,662	(8,185)	941,477
1-90 days past due	0.2%	346,267	(623)	345,644
91-180 days past due	0.0%	194,622	(60)	194,562
181-365 days past due	8.1%	713,117	(57,556)	655,561
More than 365 days past due	27.9%	341,770	(95,500)	246,270
		<u>2,545,438</u>	<u>(161,924)</u>	<u>2,383,513</u>
<b>As at 31 March 2020</b>				
Not past due	0.2%	4,580,916	[(8,185)]	4,572,731
1-90 days past due	0.1%	728,190	[(623)]	727,567
91-180 days past due	0.0%	4,325,744	[(60)]	4,325,684
181-365 days past due	1.0%	5,669,599	[(57,556)]	5,612,043
More than 365 days past due	31.0%	308,491	[(95,500)]	212,991
		<u>15,612,940</u>	<u>[(161,924)]</u>	<u>15,451,016</u>

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 28. Financial risk management and objectives and policies (continued)

#### (b) Financial risk management and policies (continued)

##### (i) Credit risk and impairment assessment (continued)

###### *Impairment of financial assets (continued)*

###### ***Impairment of financial assets from 1 April 2018 (continued)***

###### *Other financial assets at amortised cost*

ECL for other financial assets at amortised cost, including deposits paid and other receivables and amount due from a related company, are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

In order to minimise the credit risk on deposits paid and other receivables, the management of the Company closely monitor the follow-up action taken to recover any receivable balances outstanding over 180 days. In addition, the Company monitors subsequent settlement of each of the receivables to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Company performs impairment assessment under ECL model upon application of IFRS 9 on other balances individually. In this regard, the sole director of the Company considers that the Company credit risk on the deposits paid and other receivables is significantly reduced. The identified impairment loss on deposits paid and other receivables was immaterial.

The Company performs impairment assessment on amount due from a related company based on the sufficiency of accessible highly liquid assets, or the expected manner of recovery in the next 12 months. The identified impairment loss on amount due from a related company was immaterial.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### 28. Financial risk management and objectives and policies (continued)

#### (b) Financial risk management and policies (continued)

##### (i) Credit risk and impairment assessment (continued)

###### *Impairment of financial assets (continued)*

###### ***Impairment of financial assets prior to 1 April 2018***

###### *Trade receivables*

As at 31 March 2017 and 2018, the Company has not provided impairment loss on trade receivables. Included in the Company's trade receivables were debtors with aggregate net carrying amount of HK\$14,341,733 and HK\$8,627,063 as at 31 March 2017 and 2018 respectively, which were past due as at 31 March 2017 and 2018 for which the Company has not provided for impairment loss because the Company believes that the amounts are still recoverable as there has not been a significant deterioration in credit quality of these customers and there are continuing subsequent settlements. Trade receivables that were neither past due nor impaired related to customers for whom there were no recently history of default.

###### *Other financial assets including deposits paid and other receivables and amount due from a related company*

The Company has not provided for impairment loss on deposits paid and other receivables and amount due from a related company because the Company believes that the amounts are still recoverable as there has not been a significant deterioration in credit quality of these debtors and there are continuing subsequent settlements. Trade receivables that were neither past due nor impaired related to debtors for whom there were no recently history of default.

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 28. Financial risk management and objectives and policies (continued)

#### (b) Financial risk management and policies (continued)

##### (ii) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The maturity profile of the Company's non-derivative financial liabilities based on the contractual undiscounted payments and the earliest dates the creditors can demand repayment, is as follows:

	Weighted average of contractual interest rate % per annum	Less than 1 year or on demand HK\$	Over 1 year but within 5 years HK\$	Total undiscounted cash flow HK\$	Carrying amount HK\$
<b>As at 31 March 2017 (unaudited)</b>					
Trade payables		6,091,031	-	6,091,031	6,091,031
Other payables and accruals		1,428,382	-	1,428,382	1,428,382
Rental deposits received		3,680,626	-	3,680,626	3,680,626
Interest-bearing bank borrowings	4.6%	7,653,865	-	7,653,865	7,465,741
Obligations under finance leases	3.5%	1,232,076	6,930,879	8,162,955	7,262,978
		<u>20,085,980</u>	<u>6,930,879</u>	<u>27,016,859</u>	<u>25,928,758</u>
<b>As at 31 March 2018</b>					
Trade payables		3,480,840	-	3,480,840	3,480,840
Other payables and accruals		207,280	-	207,280	207,280
Rental deposits received		3,040,400	-	3,040,400	3,040,400
Interest-bearing bank borrowings	5.6%	1,513,044	-	1,513,044	1,491,021
Obligations under finance leases	3.5%	1,233,332	5,697,547	6,930,879	6,268,932
		<u>9,474,896</u>	<u>5,697,547</u>	<u>15,172,443</u>	<u>14,488,473</u>



# Grand Tour Bus Services Limited

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

### 28. Financial risk management and objectives and policies (continued)

(b) Financial risk management and policies (continued)

(ii) Liquidity risk (continued)

	Weighted average of contractual interest rate % per annum	Less than 1 year or on demand HK\$	Over 1 year but within 5 years HK\$	Total undiscounted cash flow HK\$	Carrying amount HK\$
<b>As at 31 March 2019</b>					
Trade payables		3,621,231	-	3,621,231	3,621,231
Other payables and accruals		325,620	-	325,620	325,620
Rental deposits received		2,440,050	-	2,440,050	2,440,050
Interest-bearing bank borrowings	4.0%	417,433	-	417,433	414,910
Obligations under finance leases	3.8%	<u>2,722,891</u>	<u>13,919,409</u>	<u>16,642,300</u>	<u>14,681,750</u>
		<u>9,527,225</u>	<u>13,919,409</u>	<u>23,446,634</u>	<u>21,483,561</u>
<b>As at 31 March 2020</b>					
Trade payables		10,059,775	-	10,059,775	10,059,775
Other payables and accruals		440,633	-	440,633	440,633
Rental deposits received		2,149,050	-	2,149,050	2,149,050
Lease liabilities		<u>3,612,517</u>	<u>14,462,797</u>	<u>18,075,314</u>	<u>16,180,878</u>
		<u>16,261,975</u>	<u>14,462,797</u>	<u>30,724,772</u>	<u>28,830,336</u>

## Notes to the Financial Statements (Continued)

For the years ended 31 March 2018, 2019 and 2020

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### **28. Financial risk management and objectives and policies (continued)**

#### **(c) Capital management**

The Company's objectives when managing capital are to ensure that the Company will be able to continue as a going concern while maximising the return to the owners through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

#### **(d) Fair value of financial instruments**

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The sole director of the Company considers that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

### **29. Event after the reporting period**

[ ]

### **30. Approval of the financial statements**

These financial statements were approved and authorised for issue by the sole director of the Company on .