

竹林明堂有限公司
CHUK LAM MING TONG LIMITED

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH, 2017



CHUK LAM MING TONG LIMITED
REPORT OF THE DIRECTORS

1. The directors present herewith their annual report and the audited financial statements for the year ended 31st March, 2017.

RESULT

2. The surplus of the Association for the year ended 31st March, 2017 and the state of the Association's affairs as at that date are set out in the financial statements on pages 4 to 22.

PRINCIPAL ACTIVITIES

3. During the year, the Association carried out charitable and Buddhism activities and operated a care and attention home for the aged.

DONATIONS

4. Total donations made by the Association for charitable purposes during the year amounted to HK\$58,000.00 (2016: HK\$58,000.00).

DIRECTORS

5. The permanent director who held office during the year and up to the date of this report is as follow:

So Kay Ben (Alias So Tung Lam)

The ordinary directors who held office during the year and up to the date of this report are as follows:

Chan Yuen Yee
Cheung Kam Kwai
Cheung Kin Keung
Chow Pui Yi
Chu Tak Sang
Chui Hing Lok, Boris
Ho Shing Tung
Lai Kang Bor
Ng Chung Wah
So Kam Chiu, Stewart
Tang King Man
Wan Shau King
Yeung Po Kei, Percy
Yung Kon Ham

In accordance with Article 35 of the Association's Articles of Association, directors other than permanent directors shall hold office for a term of two years and at the expiration of their terms of office they shall retire from office but they shall be eligible for re-election.

PERMITTED INDEMNITY PROVISION

6. During the year and at the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Association.

BUSINESS REVIEW

7. The Association is a charity organization carrying out religious activities and social services. The Association operates the Chuk Lam Ming Tong Care & Attention Home for the Aged (C&A Home) which is a welfare service unit fully subsidised by the Social Welfare Department (SWD). For promotion of religious beliefs, there are 6 temples in Hong Kong.

CHUK LAM MING TONG LIMITED
REPORT OF THE DIRECTORS (Continued)

BUSINESS REVIEW (Continued)

7. (Continued)

Religious Operations

Temples provide platform for study on mainstream religions including Buddhism, Confucianism, Taoism, Christianity and Islam, emphasizing on learning wisdom about life and truth of traditional values on family, friendship, righteous, honor and moral ethics.

Through application of teachings and doctrines, members can enlighten their true heart and insight of true self. Regular gatherings and classes were held every week for followers at the temples to enhance understanding of beliefs and the integration in daily life.

The temples were mainly financed by donations from followers. A staff was employed for handling central administration and coordination among temples, while all workforces in each temple were taken by volunteers at different level of religious ranks.

The environment and operation of temples is compiled with government regulations and maintained properly with funding from donors. During the year, annual grand worship ceremonies and academic seminars were launched across different temples to promote religious beliefs and encouraging vegetarian diet. The temples keep organizing activities with varieties to maintain members and attracting new joiners.

As a charity organization, the Association intends to develop more social service units and establishment of social enterprise through seeking funds from the government and general public. In order to enrich involvement in the community, the Association plans to establish youth volunteer groups under the temples to develop their leadership and to service the community.

Care and Attention Home for the Aged

As at 31st March, 2017, there were 86 staff serving in the C&A Home, providing nursing care, rehabilitation services (physiotherapy & occupational therapy), social work and counselling, catering, laundry, accounting and administration services. The number of residents in the C&A Home is around 155 while new residents were assigned by SWD through the Central Registry System once there was vacancy. In order to maintain service quality, the C&A Home has kept close monitoring on facilities and equipment to ensure safety and best services to users.

The major risk in C&A Home is infection control as residents going weaker when aging. There were 3 level of control measures apply both to residents and visitors to avoid spreading of flu and infectious disease. The gradual increase of dementia cases will demand more intensive care and manpower input in the future. In order to deal with coming challenges, enhancement of health-care and psycho-social functioning of residents are significant and essential in providing holistic caring services.

The C&A Home is funded by Lump Sum Grant (LSG), Lotteries Fund (LF), Block Grant (BG), Dementia Supplement (DS) and Social Welfare Development Fund (SWDF) from the government. The funding was paid by monthly or quarterly allocation as well as by re-imbursement. The Association has kept a LSG surplus as reserve for 3-4 month operation of C&A Home.

The service standard and quality assurance of the C&A Home is regulated by the Lump Sum Grant Manual (LSG), Funding and Service Agreement (FSA), Service Quality Standards (SQS), Best Practice Manual (BPM) laid down by SWD. These requirements also are the criteria for continuation of full financial support from Government.

The C&A Home has supported the energy saving policy through ensuring proper use of air-conditioners and heaters. For waste reduction, re-cyclers were invited to collect used papers. Also, the C&A Home strictly adopted the chemical waste (drugs) disposal policy. All the facilities were maintained and used in accordance with relevant guidelines from government and regulations in order to provide a save living environment for the residents and good working environment of the staff. The diets were designed with advices from nutritionist and catering services strictly followed the hygiene and food safety requirements. No serious accident was reported during the year.

CHUK LAM MING TONG LIMITED
REPORT OF THE DIRECTORS (Continued)

BUSINESS REVIEW (Continued)

7. (Continued)

Care and Attention Home for the Aged (Continued)

Staff's salaries were paid and adjusted according to the Master Pay Scale (MPS) of the government's civil services pay policy. Staff was fully supported with finance and/or official leaves to take courses recommended by senior management. For maximizing participation of staff in job related training, the Care & Attention Home will organize in-house training whenever necessary. Every staff was provided \$1,000 per year for self-development initiated by the staff.

Gatherings were held quarterly with family members of residents to update current operations and collecting feedbacks. Further, family members were invited to join Seasonal Festival Feasts enjoying meals together with residents in the C&A Home. Feedbacks from residents and their family members were positive and encouraging in appreciating the continuous improvement and upgrading of services. The social work section of our C&A Home have worked well with community groups in offering volunteer services to our residents.

The Association

The communication between the existing board and stakeholders was effective and smooth with the assistance of Services Director. Through administration improvement and services upgrading in the operation and management in C&A Home, the Association had won trust from SWD and stakeholders on its governance and service quality assurance. Good comments were received after service and condition inspections from various departments and the licensing office of SWD during the year. The staff turn-over rate is low and posts were almost filled up that staff forces were always at full strength.

In order to strengthen service monitoring and governance of the C&A Home, the Management Committee of C&A Home was appointed by Board of Directors from three sources, including 5 member from the Board, 1 representative from each temple, and not more than 10 members from the public. The terms of office for each appointment was revised to two years to ensure stable and consistent monitoring from the Management Committee.

The Association had fulfilled formal procedures in preparing and holding the Annual General Meeting (AGM) on 18th December, 2016. After the AGM, the Association had filed the updated Annual Return to Company Registry to comply with statutory requirements.

The existing board had initiated legal action against some ex-board members and some 'self-claim board members' to stop them claiming to be board members since December, 2015. The legal case had gone through Mediation stage that 9 out of the 10 Defendants achieved a Mediation Agreement with the Association on 16th February, 2017. After finishing the Consent Summons to High Court, the 9 defendants have returned back documents, office records, bankbooks and seals that they had kept previously. However, there was still one ex-board member insist to continue the legal dispute. The case will then go to Case Management stage that the coming Case Management hearing was scheduled to March 2018.

Due to the Mediation Agreement, the Association had successfully changed authorization signatures to delete those ex-board members and re-appoint replacements in bank accounts. Funding from SWD remained stable and the application of government funding is not affected.

The summary financial information for the year are as follows:

	<u>2017</u> HK\$	<u>2016</u> HK\$
Surplus/(deficit) for the year		
General office	630,409.26	331,789.14
Care and Attention Home for the Aged	(500,884.29)	121,002.15
	<u>129,524.97</u>	<u>452,791.29</u>
Reserves at the end of the reporting	<u>49,671,493.83</u>	<u>49,541,968.86</u>

CHUK LAM MING TONG LIMITED
REPORT OF THE DIRECTORS (Continued)

DIRECTORS' INTERESTS

8. In the opinion of the directors, no directors had material interests in those significant transactions, arrangements or contracts in relation to the Association.

MANAGEMENT CONTRACTS

9. No contracts concerning the management and administration of the whole or any substantial part of any business of the Association were entered into or subsisted during the year.

EVENTS AFTER THE END OF REPORTING PERIOD


10. Details of significant events occurring after the end of reporting period is set out in note 25 to the financial statements.

AUDITORS

11. The auditors, Messrs. Tony Kwok Tung Ng & Co., Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

A resolution to re-appoint Messrs. Tony Kwok Tung No & Co., Certified Public Accountants, will be put forward at the forthcoming annual general meeting.

On behalf of the Board


So Tung Lam
Chairman

Hong Kong, 25th October, 2017



伍國棟會計師事務所
TONY KWOK TUNG NG & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Qualified Accountants

Tony Kwok Tung Ng 伍國棟
B.Com., L.I.A.(DIP), M.S.C.A., R.F.P., C.T.A.(HK)
Dip. Chinese Law, F.C.P.A., (Practising), C.P.A. C.A.(Canada)
Phileo Wai Kee Chan 陳偉基
B.A. (HONS), F.C.C.A., C.T.A.(HK), F.C.P.A.(Practising)
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F.T.I.H.K., C.P.A. (Australia)
Doris P.Y. Pang 彭佩瑩
B.A. (HONS), C.T.A.(HK), M.S.C.A., C.P.A.(Practising)
Henry W.H. Ng 伍永亨
B.Sc., M.B.A., A.I.C.P.A., C.P.A.(Practising)

Our Ref.

1.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHUK LAM MING TONG LIMITED
(incorporated in Hong Kong with limited by guarantee)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
QUALIFIED OPINION

We have audited the financial statements of Chuk Lam Ming Tong Limited ("the Association") set out on pages 4 to 22, which comprise the statement of financial position as at 31st March, 2017, and the statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements give a true and fair view of the financial position of the Association as at 31st March, 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As disclosed in note 24 to the financial statements, the Association is involved in litigations in Hong Kong relating to disputes with a former director and two former senior members of staff of the Association. As the outcome of the litigations have not yet been known, we are unable to ascertain whether any loss that may be suffered by the Association as a result of the litigations.

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the outcome of the litigations. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.



伍國棟會計師事務所
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Qualified Accountants

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Our Ref.

2.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS OF CHUK LAM MING TONG LIMITED
(incorporated in Hong Kong with limited by guarantee)

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, the directors are responsible for assessing the Association'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 directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. 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 HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Association'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 Association 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.



伍國棟會計師事務所
TONY KWOK TUNG NG & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Qualified Accountants

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INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS OF CHUK LAM MING TONG LIMITED
(incorporated in Hong Kong with limited by guarantee)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the outcome of the litigations as described in the Basis for Qualified Opinion section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

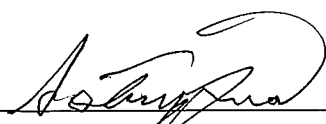
Certified Public Accountants

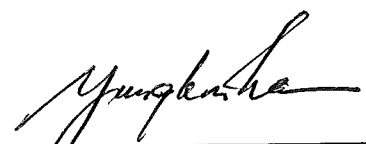
Hong Kong, 25th October, 2017

CHUK LAM MING TONG LIMITED
(Incorporated in Hong Kong under the Hong Kong Companies Ordinance and Limited by Guarantee)
STATEMENT OF FINANCIAL POSITION - 31ST MARCH, 2017

	<u>Note</u>	<u>2017</u> HK\$	<u>2016</u> HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	13	21,490,027.83	21,393,702.05
CURRENT ASSETS			
Inventories	12	158,492.31	144,981.69
Deposits and prepayments		549,635.42	583,457.00
Accommodation and other receivables	14	341,114.55	322,476.25
Social welfare subvention deficit account	16	-	163,831.00
Time deposits with original maturities over three months	15	1,590,763.45	-
Cash and cash equivalents	15	31,228,316.07	33,168,517.30
		33,868,321.80	34,383,263.24
Deduct:			
CURRENT LIABILITIES			
Other payables	17	2,067,429.09	2,622,878.18
Social welfare subvention surplus account	16	505,118.45	587,487.15
		2,572,547.54	3,210,365.33
NET CURRENT ASSETS		31,295,774.26	31,172,897.91
TOTAL ASSETS LESS CURRENT LIABILITIES		52,785,802.09	52,566,599.96
NON-CURRENT LIABILITIES			
Deferred income		(3,114,308.26)	(3,024,631.10)
NET ASSETS		49,671,493.83	49,541,968.86
Representing:			
RESERVES		49,671,493.83	49,541,968.86

Approved on behalf of the Board by:


So Fung Lam
Director


Chung Kon Ham
Director

The notes on pages 8 to 22 form part of these financial statements.

CHUK LAM MING TONG LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31ST MARCH, 2017

	General office HK\$	Care and Attention Home for the Aged HK\$	2017 HK\$	2016 HK\$
INCOME				
Government grant	-	32,043,440.64	32,043,440.64	30,823,187.12
Accommodation	-	3,578,983.00	3,578,983.00	3,459,157.00
Activity income	238,474.54	-	238,474.54	164,711.02
Donation income for general	1,605,536.50	142,509.80	1,748,046.30	1,392,138.70
Interest income	32.26	52,949.03	52,981.29	51,254.55
Membership subscription	7,470.00	-	7,470.00	4,420.00
Surplus on disposal of plant and equipment	-	39,180.00	39,180.00	-
Sales of medical appliances, paper diaper and milk powder	-	1,518,793.50	1,518,793.50	1,500,318.90
Cost of sales	-	(1,354,467.89)	(1,354,467.89)	(1,271,480.39)
	-	164,325.61	164,325.61	228,838.51
Other income	24.14	342,084.02	342,108.16	314,862.38
	1,851,537.44	36,363,472.10	38,215,009.54	36,438,569.28
LESS: EXPENDITURE				
Advertising	4,600.00	131,352.00	135,952.00	121,906.00
Auditor's remuneration	21,000.00	60,600.00	81,600.00	77,400.00
Bank charge	-	11,357.00	11,357.00	7,613.50
Building management fee	74,556.00	-	74,556.00	71,991.00
Central items	-	2,688,393.00	2,688,393.00	2,283,023.55
Cleaning	-	212,591.00	212,591.00	214,257.80
Depreciation	448,741.78	1,876,169.56	2,324,911.34	2,076,121.55
Donation	58,000.00	-	58,000.00	58,000.00
Electricity, water and gas	138,346.50	1,587,071.99	1,725,418.49	1,753,152.20
General	51,843.80	128,347.40	180,191.20	207,767.13
Insurance	-	231,790.10	231,790.10	240,413.85
Legal and professional fee	2,670.00	298,000.00	300,670.00	5,000.00
Medical expenses	-	356,720.50	356,720.50	355,900.34
Messing	169,074.10	2,565,322.93	2,734,397.03	2,593,007.94
Motor vehicle expenses	-	51,364.51	51,364.51	75,896.59
Newspaper	-	13,621.00	13,621.00	13,347.00
Nursing and occupational therapists services	-	-	-	101,860.00
Paramedical staff and services	-	403,115.83	403,115.83	591,205.00
Pharmaceutical and nutrition care	-	148,130.00	148,130.00	122,715.00
Physiotherapy charge	-	127,965.80	127,965.80	366,362.50
Plant and equipment written off	-	58,118.00	58,118.00	6,200.00
Printing, stationery and postage	8,548.30	183,053.50	191,601.80	178,997.10
Programme expenses	-	174,504.60	174,504.60	245,412.35
Rent and rates	90,611.00	228,000.00	318,611.00	304,482.00
Repairs and maintenance	49,428.80	575,274.84	624,703.64	624,065.00
Repayment of grants	-	-	-	1,043,206.39
Retirement benefits contributions	-	1,289,631.66	1,289,631.66	1,203,637.20
Speech therapists service	-	-	-	4,500.00
Store and equipment	-	336,387.60	336,387.60	263,729.72
Salaries and allowances	91,000.00	22,972,212.71	23,063,212.71	20,677,086.68
Telephone	12,090.70	24,843.46	36,934.16	38,602.60
Training	-	109,627.00	109,627.00	41,978.00
Travelling	617.20	20,790.40	21,407.60	16,940.00
	1,221,128.18	36,864,356.39	38,085,484.57	35,985,777.99
SURPLUS/(DEFICIT) FOR THE YEAR	630,409.26	(500,884.29)	129,524.97	452,791.29
OTHER COMPREHENSIVE INCOME	-	-	-	-
SURPLUS/(DEFICIT) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	630,409.26	(500,884.29)	129,524.97	452,791.29

CHUK LAM MING TONG LIMITED
STATEMENT OF CHANGES IN FUNDS
YEAR ENDED 31ST MARCH, 2017

	General office					Care and Attention Home for the Aged					Total		
	Accumulated fund	Investment revaluation reserve	Aged welfare fund	Renovation and Construction fund	Administrative fund	Construction fund	Provident fund reserve	Lump sum grant reserve	Furniture and equipment replenishment and minor works block grant reserve	Social Welfare Development Fund	Accumulated excess of expenditure over income	HK\$	
At 1.4.2015	20,610,088.53	-	246,000.00	2,000,000.00	614,620.00	13,706,519.49	4,393,370.96	14,542,072.74	606,232.94	387,430.59	(7,900,862.48)	49,205,472.77	
Surplus for the year	331,789.14	-	-	-	-	-	-	-	-	-	121,002.15	452,791.29	
Central item													
Transfer of surplus from Programme Worker to LSG reserve	-	-	-	-	-	-	-	6,877.80	-	-	-	6,877.80	
Reversal of transfer of cumulative unspent balance of Programme Assistant/ Care Assistant as at 30.11.2014	-	-	-	-	-	-	-	(123,173.00)	-	-	-	(123,173.00)	
Transfer from/(to) designated funds	(41,400.00)	-	-	-	-	-	539,577.80	442,058.18	(45,576.63)	45,273.72	(939,933.07)	-	
At 31.3.2016	20,900,477.67	-	246,000.00	2,000,000.00	614,620.00	13,706,519.49	4,932,948.76	14,867,835.72	560,656.31	432,704.31	(8,719,793.40)	49,541,968.86	
Surplus/(deficit) for the year	630,409.26	-	-	-	-	-	-	-	-	-	(500,884.29)	129,524.97	
Transfer from/(to) designated funds	-	-	-	-	-	-	533,392.34	416,282.35	(394,674.60)	(281,974.68)	(273,025.41)	-	
At 31.3.2017	21,530,886.93	-	246,000.00	2,000,000.00	614,620.00	13,706,519.49	5,466,341.10	15,284,118.07	165,981.71	150,729.63	(9,493,703.10)	49,671,493.83	

The notes on pages 8 to 22 form part of these financial statements.

CHUK LAM MING TONG LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31ST MARCH, 2017

	<u>Note</u>	<u>2017</u> HK\$	<u>2016</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		129,524.97	452,791.29
Adjustments for:			
Depreciation		2,324,911.34	2,076,121.55
Plant and equipment written off		58,118.00	6,200.00
Interest income		(52,981.29)	(51,254.55)
Surplus on disposal of plant and equipment		(39,180.00)	-
Operating surplus before working capital changes		2,420,393.02	2,483,858.29
(Increase)/decrease in inventories		(13,510.62)	47,287.26
Decrease/(increase) in deposits and prepayments		33,821.58	(130,906.00)
(Increase)/decrease in accommodation and other receivables		(18,638.30)	1,205,830.30
Decrease/(increase) in social welfare subvention deficit account		163,831.00	(52,511.00)
Decrease/(increase) in time deposits with original maturities over three months		(1,590,763.45)	-
(Decrease)/increase in other payables		(555,449.09)	520,121.44
(Decrease)/increase in social welfare subvention surplus account		(82,368.70)	69,958.04
Increase/(decrease) in deferred income		89,677.16	(413,248.12)
Net cash from operating activities		446,992.60	3,730,390.21
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		52,981.29	51,254.55
Proceeds from disposal of furniture and equipment		39,180.00	-
Purchase of property, plant and equipment		(2,479,355.12)	(377,772.00)
Net cash used in investing activities		(2,387,193.83)	(326,517.45)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,940,201.23)	3,403,872.76
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		33,168,517.30	29,764,644.54
CASH AND CASH EQUIVALENTS AT END OF YEAR		31,228,316.07	33,168,517.30
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash, bank deposit and bank balances	15	31,228,316.07	33,168,517.30

The notes on pages 8 to 22 form part of these financial statements.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

1. CORPORATE INFORMATION

The Association was incorporated as a limited by guarantee association in Hong Kong. The registered office of the Association is located at Flat D, 11th Floor, Mandarin Building, 35-43 Bonham Strand East, Hong Kong.

The principal activities of the Association are the provision of charitable and Buddhism activities and the operation of a care and attention home for the aged under the name of Chuk Lam Ming Tong Care and Attention Home for The Aged.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirement of the Hong Kong Companies Ordinance.

3. CHANGES IN ACCOUNTING POLICIES

The Association has adopted the new and revised HKFRSs, which are effective for the first time for the current year's financial statements and there have been no significant changes to the accounting policy applied in these financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Association has not applied the new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Association is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Association's results of operations and financial position.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention. These financial statements cover the Association individually and are presented in Hong Kong dollars (HK\$) unless otherwise stated.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less aggregate depreciation and any accumulated impairment losses. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to surplus or deficit in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated to write off the cost of property, plant and equipment on the reducing balance basis (RB)/straight line basis (SL) over their expected useful lives. The principal annual rates used for this purpose, which are consistent with those of the previous year, are:

Leasehold land	Over the terms of the leases
Buildings	Over the estimated useful life of 30 years
Care and Attention Home Construction	Over the estimated useful life of 50 years
Leasehold improvement	20% SL/RB
Furniture and fixtures	20% SL/RB
Office equipment	20% SL
Motor vehicle	20% RB

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, plant and equipment (Continued)

The assets' residual values useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The gain or loss on disposal or retirement of an asset recognised in surplus or deficit in the year the asset derecognised, is the difference between the net sales proceeds and the carrying amount of the relevant asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Association becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and 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 surplus or deficit.

Financial assets

The Association's financial assets are classified into the following categories: loans and receivables. The Association determines the classification of its financial assets after initial recognition and, where allowed and appropriate, reconsiders their designation at each financial year end. 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 marketplace.

(i) Loans and receivables

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. At the end of each reporting period subsequent to initial recognition, loans and receivables (including deposits, accommodation and other receivables, social welfare subvention deficit account, time deposits with original maturities over three months and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(ii) Impairment of financial assets

The Association 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.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in surplus or deficit. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in surplus or deficit, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Association will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The Association's financial liabilities are generally classified into financial liabilities at amortised cost.

Financial liabilities including other payables and social welfare subvention surplus account are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the amortisation process.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire or, when the financial assets are transferred and the Association has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in surplus or deficit. If the Association retains substantially all the risk and rewards of ownership of a transferred financial asset, the Association continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in surplus or deficit.

(d) Impairment of assets

At the end of each reporting period, the Association reviews the carrying amounts of its tangible assets, and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Impairment of assets (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first in first and basis. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sales.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(f) Cash and cash equivalents

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

(g) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and the Association will be complied with all attached conditions.

Government grants related to income are recognised in surplus or deficit on a systematic basis over the periods in which the related costs for which the grant is intended to compensate.

Government grants related to assets included in non-current liabilities as deferred income and are credited to surplus and deficit on a systematic basis over the expected useful life of the related assets.

Where a refund is required under the terms of the agreement and a refund is probable, a liability is recognised for the expected amount of the refund. The provision represents the present value of the best estimate of the future outflow of economic benefits that will be required under the terms of agreement.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Retirement benefits scheme

The Association operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to surplus or deficit as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Association in an independently administered fund. The Association's employer contributions vest fully with the employees when contributed into the Scheme, except for the Association's employer voluntary contributions, which are refunded to the Association when employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Scheme.

The Association also operates a defined contribution provident fund (the "Fund") which is available to certain employees who joined the Association before 1st December, 2000. The Fund operates in a similar way to the MPF Scheme, except that when an employee leaves the Fund before his/her interest in the Association's employer contributions vesting fully, the ongoing contributions payable by the Association are reduced by the relevant amount of the forfeited employer's contributions.

(i) Foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period. Exchange differences arising on the settlement of monetary assets and liabilities, and on the retranslation of monetary assets and liabilities, are recognised in surplus or deficit for the year in which they arise.

(j) Related parties

- (i) A person or a close member of that person's family is related to the Association if that person:
 - (a) has control or joint control over the Association; or
 - (b) has significant influence over the Association; or
 - (c) is a member of the key management personnel of the Association or Association's parent.
- (ii) An entity is related to the Association if any of the following conditions applies:
 - (a) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) 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).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association.
 - (f) The entity is controlled or jointly controlled by a person identified in (i).
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of parent of the entity).
 - (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the Association'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.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits associated with the transaction flows to the Association and when the revenue can be measured reliably, revenue is recognised in profit or loss on the following basis:

- (i) Lump sum grant and other social welfare subventions are recognised, when the government grant and subventions are granted for specified services at prescribed standards;
- (ii) Contributions and accommodation is accounted for on the accrual basis;
- (iii) Income from donations and membership subscription are recognised when cash is received;
- (iv) Revenue from the sales of medical appliances, paper diaper and milk powder is recognised when the Association has transferred to the buyer the significant risks and rewards of ownership of the goods and the Association retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and
- (v) Interest is recognised as it accruals using the effective interest method.

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(I) Financial instruments by category

The carrying amounts of financial instruments at the end of the reporting period are as follows:

(a) Financial assets

	Loans and receivable	
	<u>2017</u>	<u>2016</u>
	HK\$	HK\$
Deposits paid	333,491.00	343,491.00
Accommodation and other receivables (note 14)	341,114.55	322,476.25
Social welfare subvention deficit account (note 16)	-	163,831.00
Time deposits with original maturities over three months	1,590,763.45	-
Cash and cash equivalents (note 15)	<u>31,228,316.07</u>	<u>33,168,517.30</u>
	<u>33,493,685.07</u>	<u>33,998,315.55</u>

(b) Financial liabilities

	Financial liabilities at amortised cost	
	<u>2017</u>	<u>2016</u>
	HK\$	HK\$
Other payables (note 17)	2,067,429.09	2,622,878.18
Social welfare subvention surplus account (note 16)	<u>505,118.45</u>	<u>587,487.15</u>
	<u>2,572,547.54</u>	<u>3,210,365.33</u>

The Association has no other financial instruments except the above disclosed.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(II) The Association's activities are exposed to certain financial risks and the policies on how to mitigate these risks are set out below:

(a) Credit risk

The Association's credit risk is primarily attributable to accommodation and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Substantially all the Association's cash and cash equivalents are deposited with financial institutions in Hong Kong that are high-credit quality and meet the estimated credit rating or other criteria.

Further quantitative disclosure in respect of the Association's exposure to credit risk arising from accommodation and other receivables are set out in note 14 to the financial statements.

(b) Liquidity risk

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

The following table details the remaining contractual maturities at the end of the reporting period of the Association's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Association can be required to pay.

	2017		
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK\$	HK\$	HK\$
Other payables	2,067,429.09	2,067,429.09	2,067,429.09
Social welfare subvention surplus accounts	505,118.45	505,118.45	505,118.45
	<u>2,572,547.54</u>	<u>2,572,547.54</u>	<u>2,572,547.54</u>
	2016		
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK\$	HK\$	HK\$
Other payables	2,622,878.18	2,622,878.18	2,622,878.18
Social welfare subvention surplus accounts	587,487.15	587,487.15	587,487.15
	<u>3,210,365.33</u>	<u>3,210,365.33</u>	<u>3,210,365.33</u>

(c) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Association has no significant interest-bearing assets or liabilities except for bank balances, the Association's income and operating cash flows are substantially independent of changes in market interest rates. In view that majority of these bank balances are under short maturity terms, the fair value and cash flow interest rate risk is considered to be low.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(II) The Association's activities are exposed to certain financial risks and the policies on how to mitigate these risks are set out below: (Continued)

(c) Cash flow interest rate risk (Continued)

Sensitivity analysis

At 31st March, 2017, it was estimated that a general increase/decrease of 1 % in interest rates, with all other variables held constant, would increase/decrease the Association's reserves by approximately HK\$194,900.00 (2016: HK\$223,200.00). This is mainly attributable to the Association's expense to interest rates on its bank balances.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at the date. The 1% increase or decrease represents management's assessment of the likely maximum change in interest rates over the period until the next annual reporting period. The analysis is performed on the same basis for 2016.

(d) Sensitivity analysis

The Association is not exposed to significant market risk at the end of the reporting period except for the disclosure as stated in note 6(II)(c) to the financial statements.

7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
 UNCERTAINTY

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

8. STAFF COSTS

	<u>2017</u> HK\$	<u>2016</u> HK\$
Salaries and allowances		
General staffs	23,063,212.71	20,677,086.68
Central items	2,218,789.23	2,073,488.59
	25,282,001.94	22,750,575.27
Retirement benefit contributions		
General staffs	1,289,631.66	1,203,637.20
Central items	252,583.77	135,264.96
	1,542,215.43	1,338,902.16
	<u>26,824,217.37</u>	<u>24,089,477.43</u>

9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance for the year is Nil (2016: Nil).

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

10. AUDITOR'S REMUNERATION

Auditor's remuneration for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance is as follow:

	<u>2017</u> HK\$	<u>2016</u> HK\$
Auditor's remuneration		
General office	21,000.00	21,000.00
Care and Attention Home for the Aged	53,000.00	53,000.00
	<u>74,000.00</u>	<u>74,000.00</u>
Auditor's expenses	7,600.00	3,400.00
	<u>81,600.00</u>	<u>77,400.00</u>

11. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the Association is exempted from any tax under section 88 of the Inland Revenue Ordinance.

12. INVENTORIES

	<u>2017</u> HK\$	<u>2016</u> HK\$
Medical, milk product, food and paper diaper	<u>158,492.31</u>	<u>144,981.69</u>

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

13. PROPERTY, PLANT AND EQUIPMENT

	General office		Care and Attention Home for the Aged				Total	
	Leasehold properties HK\$	Furniture and fixtures HK\$	Leasehold improvement HK\$	Construction cost HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Motor vehicles HK\$	HK\$
<u>Cost</u>								
At 1.4.2015	13,423,353.05	2,110,066.35	4,989,259.70	16,247,812.96	565,020.00	5,498,716.30	1,178,132.00	55,479,199.42
Additions	-	-	-	-	4,360.00	338,612.00	-	377,772.00
Written off/disposal	-	-	-	-	(18,525.00)	(32,724.00)	-	(51,249.00)
Re-allocation of accounts	-	69,000.00	-	-	(69,000.00)	-	-	-
At 31.3.2016	13,423,353.05	2,179,066.35	4,989,259.70	16,247,812.96	481,855.00	5,804,604.30	1,178,132.00	55,805,722.42
Additions	-	-	458,839.00	-	8,780.00	1,704,164.12	-	2,479,355.12
Written off/disposal	-	-	-	-	(206,410.00)	(365,810.00)	-	(572,220.00)
At 31.3.2017	13,423,353.05	2,179,066.35	5,448,098.70	16,247,812.96	284,225.00	7,142,958.42	1,178,132.00	57,712,857.54
<u>Aggregate depreciation</u>								
At 1.4.2015	3,535,112.13	2,088,105.14	4,241,379.69	8,324,557.74	528,246.60	3,192,372.46	359,434.74	32,380,947.82
Charge for the year	184,419.89	9,912.24	149,576.00	324,956.26	9,153.80	898,602.76	163,739.45	2,076,121.55
Written off/disposal	-	-	-	-	(18,525.00)	(26,524.00)	-	(45,049.00)
Re-allocation of accounts	-	41,400.00	-	-	(41,400.00)	-	-	-
At 31.3.2016	3,719,532.02	2,139,417.38	4,390,955.69	8,649,514.00	477,475.40	4,064,451.22	523,174.19	34,412,020.37
Charge for the year	229,383.39	7,929.79	211,428.60	324,956.26	3,073.80	1,076,198.78	130,991.56	2,324,911.34
Written off/disposal	-	-	-	-	(206,410.00)	(307,692.00)	-	(514,102.00)
At 31.3.2017	3,948,915.41	2,147,347.17	4,602,384.29	8,974,470.26	274,139.20	4,832,958.00	654,165.75	36,222,829.71
<u>Net book value</u>								
At 31.3.2017	9,474,437.64	31,719.18	845,714.41	7,273,342.70	10,085.80	2,310,000.42	523,966.25	21,490,027.83
At 31.3.2016	9,703,821.03	39,648.97	598,304.01	7,598,298.96	4,379.60	1,740,153.08	654,957.81	21,393,702.05

The net book value of leasehold properties and construction cost are analysed as follows:

	Leasehold properties HK\$	Construction cost HK\$	2017 HK\$	2016 HK\$
Held in Hong Kong:				
Under long term leases	9,049,177.32	-	9,049,177.32	9,240,514.33
Under medium term leases	425,260.32	7,273,342.70	7,698,603.02	8,061,605.66
	9,474,437.64	7,273,342.70	16,747,780.34	17,302,119.99

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

14. ACCOMMODATION AND OTHER RECEIVABLES

	<u>2017</u> HK\$	<u>2016</u> HK\$
Accommodation receivable		
Care and Attention Home for the Aged	2,000.00	20,000.00
Lotteries fund grants receivable		
Care and Attention Home for the Aged	31,360.00	69,760.00
Social Welfare Development Fund receivable		
Care and Attention Home for the Aged	8,700.00	-
Other receivables		
Care and Attention Home for the Aged	299,054.55	232,716.25
	<u>341,114.55</u>	<u>322,476.25</u>

The directors estimate that the carrying amounts of accommodation and other receivables approximate their fair values.

Receivables that are not impaired

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

	<u>2017</u> HK\$	<u>2016</u> HK\$
Neither past due nor impaired	325,449.55	303,340.25
Over 3 months past due	15,665.00	19,136.00
	<u>341,114.55</u>	<u>322,476.25</u>

Receivables that were neither past due nor impaired relate to a wide range of Aged for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent Aged that have a good track record with the Association. Based on past experience, management believes that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Association holds \$1,000.00 per Aged.

15. CASH AND CASH EQUIVALENTS

	<u>2017</u> HK\$	<u>2016</u> HK\$
Cash and bank balances		
General office	9,383,217.16	8,790,854.14
Care and Attention Home for the Aged	9,383,955.01	10,378,081.35
	<u>18,767,172.17</u>	<u>19,168,935.49</u>
Bank deposits		
Care and Attention Home for the Aged	14,051,907.35	13,999,581.81
	<u>32,819,079.52</u>	<u>33,168,517.30</u>
Time deposits with original maturities over three months	(1,590,763.45)	-
	<u>31,228,316.07</u>	<u>33,168,517.30</u>

Cash at bank earns interest of floating rates based on daily bank deposit rates. The effective interest rate on bank deposits are 0.01% to 1.00% per annum. Short term time deposits are made for three months and earn interest at the respective short term time deposit rates. The carrying amounts of cash and bank balances and bank deposits approximate their fair values.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

16. SOCIAL WELFARE SUBVENTION SURPLUS/(DEFICIT) ACCOUNT

	Rent and rates HK\$	Central Items			Total HK\$
		Care Assistant HK\$	Programme worker HK\$	Dementia Supplement HK\$	
At 1.4.2015	(111,320.00)	184,389.00	112,402.91	104,442.00	289,913.91
Refund to government	-	(184,389.00)	(96,913.41)	-	(281,302.41)
Grant received for the year	162,489.00	-	-	2,634,284.00	2,796,773.00
Expenditure during the year	(215,000.00)	-	-	(2,283,023.55)	(2,498,023.55)
Transfer of surplus from Programme Worker for 2009/10 to LSG reserve as per SWD's Letter dated 9.8.2016	-	-	(6,877.80)	-	(6,877.80)
Transfer from lump sum grant reserve	-	123,173.00	-	-	123,173.00
At 31.3.2016	(163,831.00)	123,173.00	8,611.70	455,702.45	423,656.15
Refund to government	-	(123,173.00)	(8,611.70)	-	(131,784.70)
Grant received for the year	391,831.00	-	-	2,737,809.00	3,129,640.00
Expenditure during the year	(228,000.00)	-	-	(2,688,393.00)	(2,916,393.00)
At 31.3.2017	-	-	-	505,118.45	505,118.45

Analysed for reporting purposes as :

	2017 HK\$	2016 HK\$
Current assets	-	163,831.00
Current liabilities	505,118.45	587,487.15

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

17. OTHER PAYABLES

	<u>2017</u> HK\$	<u>2016</u> HK\$
Other payables and accruals		
General office	53,464.40	85,285.40
Care and Attention Home for the Aged	2,013,964.69	2,537,592.78
	<u>2,067,429.09</u>	<u>2,622,878.18</u>

The directors estimate that the carrying amounts of other payables and accruals approximate their fair values.

18. FURNITURE AND EQUIPMENT REPLENISHMENT AND MINOR WORKS BLOCK GRANT RESERVE

	<u>2017</u> HK\$	<u>2016</u> HK\$
Credit balance of Block Grant Reserve brought forward from previous financial year	560,656.31	606,232.94
Add : Block grant received during the year	440,000.00	419,000.00
Interest received	70.70	70.70
	440,070.70	419,070.70
Less : Expenditure during the year		
Minor works projects	(225,115.30)	(129,604.33)
Leasehold improvement	(300,672.00)	-
Furniture and equipment	(308,958.00)	(335,043.00)
	(834,745.30)	(464,647.33)
Credit balance of Block Grant Reserve carried forward to next financial year	<u>165,981.71</u>	<u>560,656.31</u>

Capital commitment

As at 31st March, 2017, the outstanding commitments in respect of furniture and equipment replenishment and minor works block grant were as follows:

	<u>2017</u> HK\$	<u>2016</u> HK\$
Contracted for but not provided in the financial statements	-	-
Authorised but not contracted for	-	-
	<u>-</u>	<u>-</u>

19. USE OF THE SOCIAL WELFARE DEVELOPMENT FUND (SWDF) FUNDED BY LOTTERIES FUND

Social Welfare Development Fund Phase 1

	<u>2017</u> HK\$	<u>2016</u> HK\$
Balance of SWDF brought forward	-	-
Add : Adjusted for income under-stated	-	-
	-	-
Refund to government	-	-
Balance carried forward to next financial year	<u>-</u>	<u>-</u>

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

19. USE OF THE SOCIAL WELFARE DEVELOPMENT FUND (SWDF) FUNDED
 BY LOTTERIES FUND (Continued)

Social Welfare Development Fund Phase 2

	<u>2017</u> HK\$	<u>2016</u> HK\$
Balance of SWDF brought forward	432,704.31	387,430.59
Add : Allocation from SWDF during the year	39,200.00	87,200.00
Interest received during the year	39.32	51.72
	39,239.32	87,251.72
Less : Expenditure under SWDF during the year	(329,914.00)	(41,978.00)
Refund to government	-	-
Balance carried forward to next financial year	<u>142,029.63</u>	<u>432,704.31</u>

Social Welfare Development Fund Phase 3

	<u>2017</u> HK\$	<u>2016</u> HK\$
Balance of SWDF brought forward	-	-
Add : Allocation from SWDF during the year	8,700.00	-
Less : Expenditure under SWDF during the year	-	-
Balance carried forward to next financial year	<u>8,700.00</u>	<u>-</u>

20. PROVIDENT FUND RESERVE

Provident Fund Contribution

	<u>Existing staff</u> HK\$	<u>6.8% Posts</u> HK\$	<u>Total</u> HK\$
Subvention received	201,520.00	1,621,504.00	1,823,024.00
Provident fund contribution paid during the year	(165,140.16)	(1,124,491.50)	(1,289,631.66)
Surplus for the year	36,379.84	497,012.50	533,392.34
Add : Surplus brought forward	3,008.99	4,929,939.77	4,932,948.76
Surplus carried forward	<u>39,388.83</u>	<u>5,426,952.27</u>	<u>5,466,341.10</u>

21. FUND MANAGEMENT

The Association has no share capital and its capital comprises reserves stated in the statement of financial position. The Association's objectives when managing capital is to safeguard its ability to continue as a going concern. The Association manages fund by regularly monitoring its current and expected liquidity requirements and is not subject to either internally or externally imposed fund requirements. No changes were made in the objectives, policies or processes during the years ended 31st March, 2017 and 2016.

22. COMMITMENTS

At 31st March, 2017, the Association had the following outstanding commitments:

	<u>2017</u> HK\$	<u>2016</u> HK\$
Commitments for lease modification		
consultancy services		
- Contracted for	-	171,000.00
- Less: Deposits paid	-	(45,000.00)
- Contracted for but not provided for	<u>-</u>	<u>126,000.00</u>

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2017

23. RELATED PARTY TRANSACTIONS

No guarantees have been given or received.

24. LITIGATIONS

The Association is involved in litigations in Hong Kong relating to disputes with one former director and two former senior members of staff of the Association whilst the outcome have not yet been known. All directors have agreed to bear any legal cost and relevant expenses related to the litigations. The directors consider that any loss suffered by the Association would not be material.

25. EVENTS OF AFTER THE REPORTING PERIOD

Subsequent to 31st March, 2017, the Association has disposed of property with an aggregate net book value of HK\$146,718.79. It is anticipated that this transaction will give rise to a surplus in 2018 of approximately HK\$13,950,000.00.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 4 to 22 were authorised for issue by the Board of Directors on 25th October, 2017.