

竹林明堂有限公司
CHUK LAM MING TONG LIMITED

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH, 2019



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, 2019.

RESULT

2. The surplus of the Association for the year ended 31st March, 2019 and the state of the Association's affairs as at that date are set out in the financial statements on pages 4 to 25.

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\$18,000.00 (2018: HK\$21,000.00).

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 Lum)

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 subsidized by the Social Welfare Department (SWD). For promotion of religious beliefs, there are 5 temples in Hong Kong and a worship hall in the Care & Attention Home.

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

BUSINESS REVIEW (Continued)

7. (Continued)

Religious Operations

The five 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, followers and believers can enlighten their true heart and insight of true self. Regular gatherings and classes were held every week for followers and believers at the temples to enhance understanding of beliefs and the integration in daily life.

The temples were mainly financed by donations from followers and believers. 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 attract new believers.

Care and Attention Home for the Aged

As at 31st March, 2019, there were 90 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 ensure safety and best supports to services, the C&A Home keeps improving facilities and equipment.

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 in number of dementia or fragile cases will demand of 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 as well as training of staff 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 monitors the LSG surplus-reserve at the amount for sustaining 6 months 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 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. Vegetarian meals are provided daily for elderly Buddhism believers and for whole C&A Home on every Monday as well as the 1st & 15th day of the month. 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)

The C&A Home has developed own staff structure and pay scales for each rank fitted for operation demands and market competition. Staff's salaries were paid and adjusted according to salary points of the Master Pay Scale (MPS) of the government's civil services. 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.

The Individual Care Plan for each resident will be updated periodically via joint-effort of three divisions, including social work, nursing and rehabilitation training. There will be family joint-interviews with our professional staffs to engage family members to support caring plan for residents whenever necessary. 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 has worked well with community groups in offering volunteer services to our residents.

The C&A Home has applied to build a new block of 8 floors adjacent to existing building of the Home under the Special Scheme of Social Welfare Department in 2018. The layout plan for the proposal is further revised to hold 253 residents by September, 2019. The extension project is still waiting for approval from SWD to proceed to technical & Feasibility Study stage before construction plan.

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 of elderly services. 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 members from the Board, 1 representative from each temple, and not more than 10 members from the public. The terms of office for each appointment is 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 19th November, 2018. A new board of Directors will be elected in coming AGM at end of 2019 for an office term of two years till end of 2021. After the AGM, the Association had filed the updated Annual Return to Company Registry to comply with statutory requirements.

By 5th March, 2018, the Association purchased a joint-flat in Harvard Commercial Building at Wanchai fitted for re-establishment of Chi Tak Temple. The renovation works started from July, 2018 and completed by December, 2018. The new site for Chi Tak Temple was officiated on 11th January, 2019. Then, the flat at Fullagar Industrial Building at Aberdeen Main Road as temporary operation was stopped and it will then be sold to compensate the expenses on purchasing the new flat at Wanchai.

The litigations initiated by the Association against ex-board members (9 out of 10 has completed the settlement agreement and served consent summons to court), two ex-senior staffs and ex-company secretary are still undergoing. Legal disputes with the remaining ex-board member and the two ex-senior staffs was consolidated for trial by same judge and the Case Management Conference (CMC) will be hold by end of November, 2019. After the CMC, formal court hearing will be scheduled. For the litigation with former company secretary, settlement agreement is still under discussion.

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

BUSINESS REVIEW (Continued)

7. (Continued)

The Association (Continued)

Target for better organization development, the Association preferred to operate social welfare services and religious affairs separately via two organization. After announcement of such intention in major religious events and General Meeting, majority of members feedbacked support for the suggestion. Then, the Board began to register another charity organization for transferal of religious affairs. By May 2019, Dundee Charity Association Limited was successfully registered as a charity organization to concentrate on religious affairs. Through the Extra-ordinary General Meeting (EGM) held on 11th October 2019, the Association confirmed the transfer of religious business (including five temples and as well as related assets and liabilities of the religious side) to Dundee Charity Association Limited. The transferal is planned to be completed before the coming Annual General Meeting by December 2019.

The summary financial information for the year are as follows:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Surplus/(deficit) for the year		
General office	1,766,067.18	23,270,536.56
Care and Attention Home for the Aged	<u>1,683,648.02</u>	<u>1,776,227.15</u>
	<u>3,449,715.20</u>	<u>25,046,763.71</u>
Reserves at the end of the reporting	<u>78,167,972.74</u>	<u>74,718,257.54</u>

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 REPORT PERIOD

10. Details of significant events occurring after the reporting period are 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 Ng & Co., Certified Public Accountants, will be put forward at the forthcoming annual general meeting.

On behalf of the Board


So Kam Chiü, Stewart
Chairman

Hong Kong, 16th October, 2019



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)
Ling W.L.Lee 李慧玲
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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 25, which comprise the statement of financial position as at 31st March, 2019, 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, 2019, 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 certain former directors, former senior staffs and former company secretary 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 ("HKSAAs") 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 and effects 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
TONY KWOK TUNG NG & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Qualified Accountants

Tony Kwok Tung Ng 伍國棟
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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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional 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.



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

Qualified Accountants

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Our Ref.

3.

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)

- 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.

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 and effects 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, 16th October, 2019

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, 2019

	<u>Note</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	13	45,824,608.90	46,095,281.85
CURRENT ASSETS			
Inventories	12	111,986.78	159,968.97
Deposits and prepayments		1,107,674.64	2,447,454.87
Accommodation and other receivables	14	555,194.40	575,556.13
Social welfare subvention deficit account	16	71,608.00	67,836.00
Time deposits with original maturities over three months	15	4,693,549.67	1,602,230.82
Cash and cash equivalents	15	29,002,445.19	28,158,090.43
		35,542,458.68	33,011,137.22
Deduct:			
CURRENT LIABILITIES			
Other payables	17	1,065,925.41	1,774,065.29
Social welfare subvention surplus account	16	-	12,000.00
		1,065,925.41	1,786,065.29
NET CURRENT ASSETS		<u>34,476,533.27</u>	<u>31,225,071.93</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>80,301,142.17</u>	<u>77,320,353.78</u>
NON-CURRENT LIABILITIES			
Deferred income		(2,133,169.43)	(2,602,096.24)
NET ASSETS		<u>78,167,972.74</u>	<u>74,718,257.54</u>
Representing:			
RESERVES		<u>78,167,972.74</u>	<u>74,718,257.54</u>

Approved on behalf of the Board by:


So Kam Chiu, Stewart
Director


Yung Kon Ham
Director

The notes on pages 8 to 25 form part of these financial statements.

CHUK LAM MING TONG LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31ST MARCH, 2019

	General office	Care and Attention Home for the Aged	2019	2018
	HK\$	HK\$	HK\$	HK\$
INCOME				
Government grant	-	36,745,571.61	36,745,571.61	34,142,843.82
Accommodation	-	3,743,656.00	3,743,656.00	3,599,213.00
Activity income	270,160.80	-	270,160.80	217,640.20
Donation income for general	1,419,502.60	292,316.00	1,711,818.60	1,651,260.60
Donation income for purchase of property	-	-	-	10,000,000.00
Donation income for renovation works	3,101,110.00	-	3,101,110.00	-
Interest income	-	293,638.39	293,638.39	77,047.43
Membership subscription	2,130.00	-	2,130.00	2,910.00
Rental income	92,400.00	-	92,400.00	38,748.39
Surplus on disposal of property, plant and equipment	-	-	-	14,037,156.21
Sales of medical appliances, paper diaper and milk powder	-	1,439,884.50	1,439,884.50	1,451,162.00
Cost of sales	-	(1,327,254.05)	(1,327,254.05)	(1,322,782.50)
	-	112,630.45	112,630.45	128,379.50
Programme income	-	145,356.00	145,356.00	72,690.00
Other income	-	297,703.70	297,703.70	312,991.75
	4,885,303.40	41,630,872.15	46,516,175.55	64,280,880.90
LESS: EXPENDITURE				
Advertising	-	114,292.00	114,292.00	109,448.00
Auditor's remuneration	27,000.00	65,800.00	92,800.00	79,800.00
Bank charge	-	13,865.90	13,865.90	10,424.00
Building management fee	116,206.00	-	116,206.00	75,456.00
Central items	-	2,907,464.00	2,907,464.00	3,425,812.00
Cleaning	-	165,249.00	165,249.00	192,171.40
Depreciation	2,157,976.67	1,655,710.12	3,813,686.79	3,285,692.19
Donation	18,000.00	-	18,000.00	21,000.00
Electricity, water and gas	146,343.70	1,518,586.75	1,664,930.45	1,676,009.78
General	40,152.30	142,531.12	182,683.42	95,141.70
Insurance	538.15	289,387.48	289,925.63	234,800.93
Legal and professional fee	20,000.00	138,000.00	158,000.00	50,000.00
Medical consultation service by visiting medical officer	-	104,000.00	104,000.00	-
Medical expenses	-	639,755.20	639,755.20	456,665.60
Messing	126,014.30	2,016,180.12	2,142,194.42	2,169,736.30
Motor vehicle expenses	-	74,366.16	74,366.16	106,663.81
Newspaper	-	17,197.12	17,197.12	16,010.00
Pharmaceutical and nutrition care	-	200,200.00	200,200.00	170,250.00
Plant and equipment written off	-	-	-	9,958.00
Printing, stationery and postage	14,314.70	198,440.09	212,754.79	196,202.70
Programme expenses	-	244,405.94	244,405.94	235,883.70
Purchase of personal protective equipment and disinfection supplies	-	5,823.00	5,823.00	15,900.00
Rent and rates	32,870.70	234,000.00	266,870.70	310,035.29
Repairs and maintenance	315,772.10	519,578.33	835,350.43	733,755.91
Repayment of grants	-	36,514.00	36,514.00	157,431.22
Retirement benefits contributions	-	1,422,570.64	1,422,570.64	1,411,652.16
Salaries and allowances	91,000.00	26,282,071.69	26,373,071.69	23,396,285.77
Speech therapists service	-	117,500.00	117,500.00	-
Store and equipment	-	433,326.75	433,326.75	288,440.71
Subscription fee of drug packaging system	-	237,600.00	237,600.00	-
SWDF expenses	-	89,657.94	89,657.94	219,224.00
Telephone	12,599.10	38,925.26	51,524.36	54,354.67
Travelling	448.50	24,225.52	24,674.02	29,911.33
	3,119,236.22	39,947,224.13	43,066,460.35	39,234,117.17
SURPLUS FOR THE YEAR	1,766,067.18	1,683,648.02	3,449,715.20	25,046,763.73
OTHER COMPREHENSIVE INCOME	-	-	-	-
SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,766,067.18	1,683,648.02	3,449,715.20	25,046,763.73

The notes on pages 8 to 25 form part of these financial statements.

CHUK LAM MING TONG LIMITED
STATEMENT OF CHANGES IN FUNDS
YEAR ENDED 31ST MARCH, 2019

	General office		Care and Attention Home for the Aged							Total	
			Furniture and equipment replenishment and minor works block grant reserve								
	Accumulated fund	Aged welfare fund	Renovation and Construction fund	Administrative fund	Construction fund	Provident fund reserve	Lump sum grant reserve	Social Welfare Development Fund	Accumulated excess of expenditure over income		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
At 1.4.2017	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
Surplus/(deficit) for the year	23,270,536.56	-	-	-	-	-	-	-	-	1,776,227.15	25,046,763.71
Transfer from/(to) designated funds	-	-	-	-	-	458,474.84	502,192.06	466,532.70	(102,738.86)	(1,324,460.74)	-
At 31.3.2018	44,801,423.49	246,000.00	2,000,000.00	614,620.00	13,706,519.49	5,924,815.94	15,786,310.13	632,514.41	47,990.77	(9,041,936.69)	74,718,257.54
Surplus for the year	1,766,067.18	-	-	-	-	-	-	-	-	1,683,648.02	3,449,715.20
Transfer from/(to) designated funds	-	-	-	-	-	567,634.52	903,566.17	9,980.23	577,822.86	(2,059,003.78)	-
At 31.3.2019	46,567,490.67	246,000.00	2,000,000.00	614,620.00	13,706,519.49	6,492,450.46	16,689,876.30	642,494.64	625,813.63	(9,417,292.45)	78,167,972.74

The notes on pages 8 to 25 form part of these financial statements.

CHUK LAM MING TONG LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31ST MARCH, 2019

	<u>Note</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		3,449,715.20	25,046,763.71
Adjustments for:			
Depreciation		3,813,686.79	3,285,692.19
Plant and equipment written off		-	9,958.00
Interest income		(293,638.39)	(77,047.43)
Surplus on disposal of property, plant and equipment		-	(14,037,156.21)
Operating surplus before working capital changes		6,969,763.60	14,228,210.26
Decrease/(increase) in inventories		47,982.19	(1,476.66)
Decrease/(increase) in deposits and prepayments		1,339,780.23	(1,897,819.45)
Decrease/(increase) in accommodation and other receivables		73,921.65	(234,441.58)
Increase in social welfare subvention deficit account		(3,772.00)	(67,836.00)
Increase in time deposits with original maturities over three months		(3,091,318.85)	(11,467.37)
Decrease in other payables		(708,139.88)	(293,363.80)
Decrease in social welfare subvention surplus account		(12,000.00)	(493,118.45)
Decrease in deferred income		(468,926.81)	(512,212.02)
Net cash from operating activities		4,147,290.13	10,716,474.93
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		240,078.47	77,047.43
Proceeds from disposal of property, plant and equipment		-	14,183,875.00
Purchase of property, plant and equipment		(3,543,013.84)	(28,047,623.00)
Net cash used in investing activities		(3,302,935.37)	(13,786,700.57)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		844,354.76	(3,070,225.64)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		28,158,090.43	31,228,316.07
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		29,002,445.19	28,158,090.43
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash, bank deposit and bank balances	15	13,012,638.80	10,432,284.11
Time deposits with original maturities within three months	15	15,989,806.39	17,725,806.32
		29,002,445.19	28,158,090.43

The notes on pages 8 to 25 form part of these financial statements.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

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

In 2018, the Association has initially applied the new and revised HKFRSs issued by HKICPA that are first effective for accounting periods beginning on or after 1st January, 2018 and are relevant to the Association's financial statements, including:

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HKFRS 15 (Amendment)	Clarifications to HKFRS 15
Annual Improvements to HKFRSs	Annual improvements to HKFRSs 2014-2016 Cycle
HK (IFRIC)- Int 22	Foreign currency translations and advance consideration

The effects of the application of HKFRS 9 and HKFRS 15 are summarised below. The other amendments and interpretation to standards did not have significant impact on the Association's accounting policies and did not require retrospective adjustments.

(a) HKFRS 9 Financial instruments

The Association's management has assessed the Association's business models of management, and the contractual cash flow characteristics, of each of the Association's financial instruments, and has classified them into appropriate categories under HKFRS 9.

For impairment losses on trade and other receivables, HKFRS 9 introduces a new "expected credit loss" model that replaces the "incurred loss" impairment model in HKAS 39, with the result that a loss event will no longer need to occur before an impairment allowance is recognised. Under the new "expected credit loss" model, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Association always accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

The adoption of HKFRS 9 has resulted in changes in accounting policies. The Association has applied HKFRS 9 retrospectively and taken the transitional provisions in HKFRS 9 not to restate comparative information with respect to classification and measurement (including impairment) requirements. The adoption of HKFRS 9 does not have any material effects on the Association's financial performance and positions.

(b) HKFRS 15 Revenue from contracts with customers

In prior reporting period, 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.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 15 Revenue from contracts with customers (Continued)

Under HKFRS 15, revenue from contracts with customers is recognised when (or as) the Association satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Association recognises as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained in accordance with HKFRS 15) that is allocated to that performance obligation.

The accounting policy in relation to revenue recognition is set out in note 5(n).

The adoption of HKFRS 15 has resulted in changes in accounting policies. The Association has applied HKFRS 15 retrospectively with the cumulative effect of initially applying HKFRS 15 recognised at the date of initial application and taken the transitional provisions in HKFRS 15 not to restate comparative information. The adoption of HKFRS 15 does not have any material effect on the Association's financial performance and positions.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS
Possible impact of amendments, new standards and interpretations issued but not yet effective

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31st March, 2019 and which have not been adopted in these financial statements.

		Effective for annual periods beginning on or after
HKFRS 16	Leases	1st January, 2019
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle	1st January, 2019
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1st January, 2019
Amendments to HKAS 1 and HKAS 8	Definition of Material	1st January, 2020

The Association has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the Association's financial statements in the year of initial application.

The Association will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.

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.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, plant and equipment (Continued)

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 30/50 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

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 assets

(I) After the adoption of HKFRS 9

(i) Classification

The Association classifies its financial assets in the categories of those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and those to be measured at amortised costs. The classification depends on the Association's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Association has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Association reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, the Association measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial assets (Continued)

(I) After the adoption of HKFRS 9 (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Association's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Association classifies its debt instruments:

(a) Amortised cost

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

(b) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other net gains/losses. Interest income from these financial assets is included in finance income using the effective interest method.

Foreign exchange gains and losses are presented in other net gains/losses and impairment expenses are presented as separate line item in profit or loss.

(c) FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other net gains/losses in the period in which it arises.

Equity instruments

The Association measures all equity investments at fair value. Where the Association's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Association's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other net gains/losses in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

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

For trade receivables, the Association applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial assets (Continued)

(II) Before the adoption of HKFRS 9

Financial assets are recognised in the statement of financial position when the Association becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in surplus or deficit.

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.

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.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial assets (Continued)

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 continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(d) Impairment of non-financial 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.

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) 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, 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Trade and other receivables

Trade debtors are recognised initially at the amount of consideration that is unconditional and subsequently measured at amortised cost using the effective interest method, less provision for impairment, as the Association holds the trade debtors with the objective to collect the contractual cash flows and those cash flows represent solely payments of principal and interest. The Association's impairment policies are set out in note 5(c)(I)(iv). The carrying amount of trade debtors is reduced through the use of an allowance account and the amount of the provision is recognised in profit or loss within other operating expenses. When a debtor is uncollectible, it is written off against the allowance account for trade debtors. Subsequent recoveries of amounts previously written off are credited against other operating income in profit or loss.

(h) 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.

(i) Trade and other payables

Trade and other payables are initially measured at fair value and, after initial recognition, at amortised cost, except for payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

(j) 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.

(k) 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.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

(m) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Association. All other leases are classified as operating leases.

Lease receivables under an operating lease are credited to profit or loss on a straight-line basis over the lease term. Contingent rents are charged as an expense in the periods in which they are incurred.

(n) Revenue recognition

(I) After the adoption of HKFRS 15

The Association recognises revenue from contracts with customers when the Association satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset. When a performance obligation is satisfied, the Association recognises as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained in accordance with HKFRS 15) that is allocated to that performance obligation. Further details of the Association's revenue and other income recognition policies are as follows:

- (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 or as the control of the asset is transferred to the customers, which is at the time when the goods are delivered to customers and the title has passed; and
- (v) Interest is recognised as it accrues using the effective interest method.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Revenue recognition (Continued)

(II) Before the adoption of HKFRS 15

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Association and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss on the following bases:

- (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

	Financial assets at amortised cost	Loans and receivables
	<u>2019</u>	<u>2018</u>
	HK\$	HK\$
Deposits paid	322,281.00	1,732,241.00
Accommodation and other receivables (note 14)	555,194.40	575,556.13
Social welfare subvention deficit account (note 16)	71,608.00	67,836.00
Time deposits with original maturities over three months (note 15)	4,693,549.67	1,602,230.82
Cash and cash equivalents (note 15)	29,002,445.19	28,158,090.43
	<u>34,645,078.26</u>	<u>32,135,954.38</u>

(b) Financial liabilities

	Financial liabilities at amortised cost	
	<u>2019</u>	<u>2018</u>
	HK\$	HK\$
Other payables (note 17)	1,065,925.41	1,774,065.29
Social welfare subvention surplus account (note 16)	-	12,000.00
	<u>1,065,925.41</u>	<u>1,786,065.29</u>

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

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

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. The Association reviews the recoverable amount of the debtors and loans receivable on a regular basis and an allowance for doubtful debts is made where there is an expected credit loss.

To measure the expected credit losses, debtors and loans receivable are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the debtors to settle the outstanding balances. 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.

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.

The directors are of the opinion that the credit risk of trade and other receivables is low. Therefore, expected credit loss rate of the trade and other receivables is assessed to be close to zero and no provision was made as of 31st March, 2019.

(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.

	2019		
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK\$	HK\$	HK\$
Other payables	<u>1,065,925.41</u>	<u>1,065,925.41</u>	<u>1,065,925.41</u>
2018			
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK\$	HK\$	HK\$
	HK\$	HK\$	HK\$
Other payables	1,774,065.29	1,774,065.29	1,774,065.29
Social welfare subvention surplus accounts	<u>12,000.00</u>	<u>12,000.00</u>	<u>12,000.00</u>
	<u>1,786,065.29</u>	<u>1,786,065.29</u>	<u>1,786,065.29</u>

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

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

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.

Sensitivity analysis

At 31st March, 2019, 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\$215,400.00 (2018: HK\$198,500.00). This is mainly attributable to the Association's exposure 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 2018.

(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>2019</u> HK\$	<u>2018</u> HK\$
Salaries and allowances		
General staffs	26,373,071.69	23,396,285.77
Central items	2,727,552.33	3,154,823.12
	29,100,624.02	26,551,108.89
Retirement benefit contributions		
General staffs	1,422,570.64	1,411,652.16
Central items	151,711.67	88,988.88
	1,574,282.31	1,500,641.04
	<u>30,674,906.33</u>	<u>28,051,749.93</u>

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance for the year is Nil (2018: Nil).

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>2019</u> HK\$	<u>2018</u> HK\$
Auditor's remuneration		
General office	27,000.00	21,000.00
Care and Attention Home for the Aged	57,000.00	53,000.00
	<u>84,000.00</u>	<u>74,000.00</u>
Auditor's expenses	8,000.00	5,800.00
	<u>92,000.00</u>	<u>79,800.00</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>2019</u> HK\$	<u>2018</u> HK\$
Medical, milk product, food and paper diaper	<u>111,986.78</u>	<u>159,968.97</u>

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

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\$	Leasehold improvement HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Motor vehicles HK\$
<u>Cost</u>								
At 1.4.2017	13,423,353.05	2,179,066.35	5,448,098.70	16,247,812.96	11,809,211.06	284,225.00	7,142,958.42	1,178,132.00
Additions	27,292,200.00	63,975.00	-	-	171,499.00	4,538.00	515,411.00	-
Written off/disposal	(407,552.00)	-	-	-	(24,000.00)	(14,060.00)	(141,950.00)	-
At 31.3.2018	40,308,001.05	2,243,041.35	5,448,098.70	16,247,812.96	11,956,710.06	274,703.00	7,516,419.42	1,178,132.00
Additions	-	745,098.34	1,957,963.50	-	17,000.00	304,972.00	517,980.00	-
Written off/disposal	-	-	-	-	-	(13,198.00)	(356,726.00)	-
At 31.3.2019	40,308,001.05	2,988,139.69	7,406,062.20	16,247,812.96	11,973,710.06	566,477.00	7,677,673.42	1,178,132.00
<u>Aggregate depreciation</u>								
At 1.4.2017	3,948,915.41	2,147,347.17	4,602,384.29	8,974,470.26	10,788,449.63	274,139.20	4,832,958.00	654,165.75
Charge for the year	1,466,738.94	19,138.83	169,142.88	324,956.26	276,270.25	3,981.40	920,670.38	104,793.25
Written off/disposal	(260,833.21)	-	-	-	(24,000.00)	(14,060.00)	(131,992.00)	-
At 31.3.2018	5,154,821.14	2,166,486.00	4,771,527.17	9,299,426.52	11,040,719.88	264,060.60	5,621,636.38	758,959.00
Charge for the year	1,466,738.94	164,330.73	526,907.00	324,956.26	241,948.88	64,530.00	940,440.38	83,834.60
Written off/disposal	-	-	-	-	-	(13,198.00)	(356,726.00)	-
At 31.3.2019	6,621,560.08	2,330,816.73	5,298,434.17	9,624,382.78	11,282,668.76	315,392.60	6,205,350.76	842,793.60
<u>Net book value</u>								
At 31.3.2019	33,686,440.97	657,322.96	2,107,628.03	6,623,430.18	691,041.30	251,084.40	1,472,322.66	335,338.40
At 31.3.2018	35,153,179.91	76,555.35	676,571.53	6,948,386.44	915,990.18	10,642.40	1,894,783.04	419,173.00

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

	Leasehold properties HK\$	Construction cost HK\$	2019 HK\$	2018 HK\$
Held in Hong Kong:				
Under long term leases	32,905,107.41	-	32,905,107.41	34,742,583.72
Under medium term leases	781,333.56	6,623,430.18	7,404,763.74	7,358,982.63
	33,686,440.97	6,623,430.18	40,309,871.15	42,101,566.35

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

14. ACCOMMODATION AND OTHER RECEIVABLES

	<u>2019</u> HK\$	<u>2018</u> HK\$
Accommodation receivable		
Care and Attention Home for the Aged	6,856.00	8,000.00
Enhancement of infection receivable		
Care and Attention Home for the Aged	5,823.00	-
Lotteries fund grants receivable		
Care and Attention Home for the Aged	-	31,360.00
Other receivables		
General office	-	38,748.39
Care and Attention Home for the Aged	542,515.40	497,447.74
	<u>555,194.40</u>	<u>575,556.13</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>2019</u> HK\$	<u>2018</u> HK\$
Neither past due nor impaired	531,705.40	559,891.13
Over 3 months past due	23,489.00	15,665.00
	<u>555,194.40</u>	<u>575,556.13</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 HK\$1,000.00 per Aged.

15. CASH AND CASH EQUIVALENTS

	<u>2019</u> HK\$	<u>2018</u> HK\$
Cash and bank balances		
General office	8,320,893.11	5,799,634.00
Care and Attention Home for the Aged	4,691,745.69	4,632,650.11
	<u>13,012,638.80</u>	<u>10,432,284.11</u>
Time deposits		
Care and Attention Home for the Aged	20,683,356.06	19,328,037.14
	<u>33,695,994.86</u>	<u>29,760,321.25</u>
Time deposits with original maturities over three months	(4,693,549.67)	(1,602,230.82)
	<u>29,002,445.19</u>	<u>28,158,090.43</u>

Cash at bank earns interest of floating rates based on daily bank deposit rates. The effective interest rate on bank deposits are 0.13% to 2.32% (2018: 0.01% to 1.00%) per annum. Time deposits are made for varying period of between three to six months depending on the immediate cash requirements of the Association and earn interest at the respective time deposit rates. The carrying amounts of cash and bank balances and time deposits approximate their fair values.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

16. SOCIAL WELFARE SUBVENTION SURPLUS/(DEFICIT) ACCOUNT

	Central Items			Total HK\$
	Rent and rates HK\$	Dementia Supplement HK\$	Visiting Medical Officer HK\$	
At 1.4.2017	-	505,118.45	-	505,118.45
Refund to government	-	(31,722.45)	-	(31,722.45)
Grant received for the year	160,164.00	2,824,416.00	140,000.00	3,124,580.00
Expenditure during the year	(228,000.00)	(3,297,812.00)	(128,000.00)	(3,653,812.00)
At 31.3.2018	(67,836.00)	-	12,000.00	(55,836.00)
Refund from/(to) government	67,836.00	-	(12,000.00)	55,836.00
Grant received for the year	162,392.00	2,907,464.00	-	3,069,856.00
Expenditure during the year	(234,000.00)	(2,907,464.00)	-	(3,141,464.00)
At 31.3.2019	<u>(71,608.00)</u>	<u>-</u>	<u>-</u>	<u>(71,608.00)</u>

Analysed for reporting purposes as:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Current assets	<u>71,608.00</u>	<u>67,836.00</u>
Current liabilities	<u>-</u>	<u>12,000.00</u>

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

17. OTHER PAYABLES

	<u>2019</u> HK\$	<u>2018</u> HK\$
Deposits received		
General office	-	151,971.00
Other payables and accruals		
General office	58,464.40	53,014.69
Care and Attention Home for the Aged	1,007,461.01	1,569,079.60
	<u>1,065,925.41</u>	<u>1,774,065.29</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>2019</u> HK\$	<u>2018</u> HK\$
Credit balance of Block Grant Reserve brought forward from previous financial year	632,514.41	165,981.71
Add : Block grant received during the year	490,000.00	471,000.00
Interest received	9,310.04	70.70
	499,310.04	471,070.70
Less : Expenditure during the year		
Minor works projects	(79,207.81)	-
Furniture and equipment	(410,122.00)	(4,538.00)
	<u>(489,329.81)</u>	<u>(4,538.00)</u>
Credit balance of Block Grant Reserve carried forward to next financial year	<u>642,494.64</u>	<u>632,514.41</u>

Capital commitment

As at 31st March, 2019, the outstanding commitments in respect of furniture and equipment replenishment and minor works block grant were as follows:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Contracted for but not provided in the financial statements	38,900.00	-
Authorised but not contracted for	-	-
	<u>38,900.00</u>	<u>-</u>

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

Social Welfare Development Fund Phase 1

	<u>2019</u> HK\$	<u>2018</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, 2019

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

Social Welfare Development Fund Phase 2

	<u>2019</u> HK\$	<u>2018</u> HK\$
Balance of SWDF brought forward	-	142,029.63
Add : Allocation from SWDF during the year	-	-
Interest received during the year	-	59.37
	-	59.37
Less : Expenditure under SWDF during the year		
Expenditure for projects under Scope A	-	-
Expenditure for projects under Scope B (non-IT)	-	(142,089.00)
Expenditure for projects under Scope B (IT)	-	-
	-	(142,089.00)
Balance carried forward to next financial year	-	-

Social Welfare Development Fund Phase 3

	<u>2019</u> HK\$	<u>2018</u> HK\$
Balance of SWDF brought forward	47,990.77	8,700.00
Add : Allocation from SWDF during the year	662,300.00	116,300.00
Interest received during the year	5,180.80	125.77
	667,480.80	116,425.77
Less : Expenditure under SWDF during the year		
Expenditure for projects under Scope A	(89,657.94)	(77,135.00)
Balance carried forward to next financial year	625,813.63	47,990.77

20. PROVIDENT FUND RESERVE

Provident Fund Contribution

	<u>Existing staff</u> HK\$	<u>6.8% Posts</u> HK\$	<u>Total</u> HK\$
Subvention received	139,266.00	1,886,527.00	2,025,793.00
Provident fund contribution paid during the year	(123,792.53)	(1,298,778.11)	(1,422,570.64)
Surplus for the year	15,473.47	587,748.89	603,222.36
Add : Surplus brought forward	76,221.83	5,848,594.11	5,924,815.94
Add : Transfer from accumulated excess of expenditure over income	-	926.16	926.16
Less : Refund to government	(36,514.00)	-	(36,514.00)
Surplus carried forward	55,181.30	6,437,269.16	6,492,450.46

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, 2019 and 2018.

CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2019

22. OPERATING LEASE ARRANGEMENTS

The Association leases out its property under operating leases. The lease typically runs for a period of two years. None of the leases includes contingent rentals.

At 31st March, 2019, the Association's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Not later than one year	-	115,500.00

23. RELATED PARTY TRANSACTIONS

During the year, the Association entered into the following transaction with a related party:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Rent paid to directors	-	50,000.00
Donation received from permanent director for acquisition of property	-	10,000,000.00

A director has given an indemnity to a bank in consideration of the bank allowing authorised transactions to be effected.

24. LITIGATIONS

The Association is involved in litigations in Hong Kong relating to disputes with certain former directors, former senior staffs and former company secretary of the Association whilst the outcomes have not yet been known. All directors have agreed to bear any legal costs and relevant expenses related to the litigations. The directors consider that any loss suffered by the Association would not be material.

25. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31st March, 2019, the Association proposed to transfer the activities and as well as related assets and liabilities of the religious affairs to another charity organization, Dundee Charity Association Limited. The transferal had already been approved by an Extra-ordinary General Meeting held on 11th October, 2019. The Association plans to complete the transferal before the end of 2019.

26. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current year's presentation.

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 4 to 25 were authorised for issue by the Board of Directors on 16th October, 2019.